C2150-10
11/20/88

$3.50

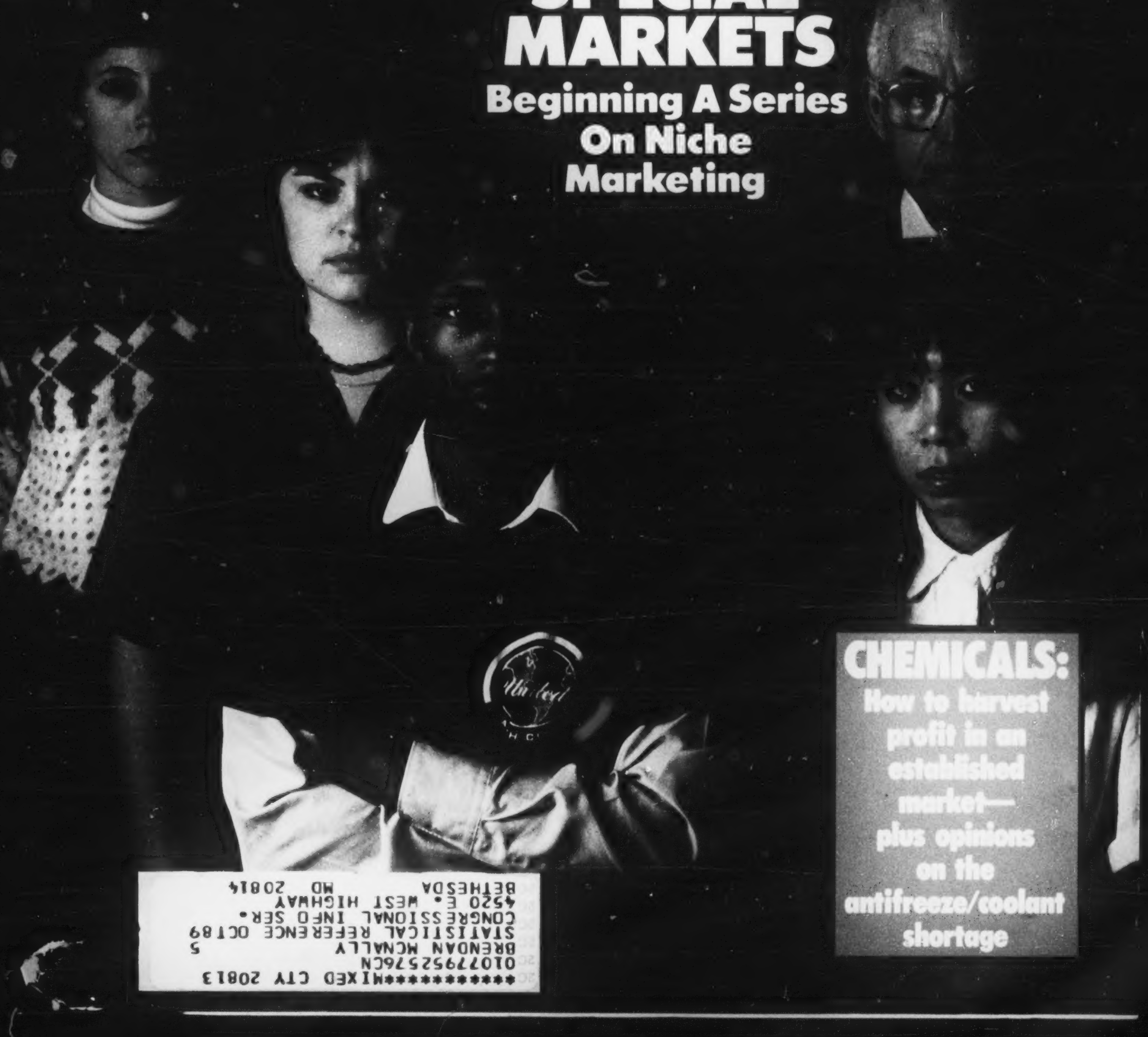
Chilton's AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

NOVEMBER 1988

SPECIAL MARKETS

Beginning A Series On Niche Marketing



CHEMICALS:

How to harvest profit in an established market—plus opinions on the antifreeze/coolant shortage

************MIXED CTY 20813
01077952576CN
BRENDAN MCNALLY 5
STATISTICAL REFERENCE OCT89
CONGRESSIONAL INFO SER.
4520 E. WEST HIGHWAY
BETHESDA MD 20814

Chilton's
AUTOMOTIVE MARKETING

a Chilton publication

November Issue Volume 17, Number 12

EDITORIAL STAFF

Rosemarie Kitchin, Editor-In-Chief
(215) 964-4394
FAX (215) 964-4100

Gail Krueger-Nicholson,
Managing Editor

P.R.N. Katcher,
Research Editor

John Wiesbach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Eric Metz,
Editorial Intern

Jim Naughton,
Director of Graphics

Janet Lee Taylor,
Art Director

Sarah Frankson, Publisher
(312) 782-1400
FAX (312) 782-1400 ext. 207

Chilton

CHILTON COMPANY,
ONE OF THE ABC PUBLISHING COMPANIES,
A PART OF CAPITAL CITIES/ABC, INC.
Publishing President, Robert G. Burton
1330 Avenue Of The Americas
New York, NY 10019

Chilton Officers:
Senior Vice President Publications, Richard D. Bay; Senior Vice President Books/Research, Ronald A. Hasler; Vice President Finance, Christopher M. Savine; Vice President Operations/Administration, Donald W. Chestnut; Vice President Publications, Douglas A. Robertson; Vice President Automotive Books, John P. Kushnerick; Vice President Trade Books, Robert S. Doscher
Copyright 1988 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.

FEATURES

Getting To Know Your Customers 20
In this first part of a series on the different types of people who shop in your store, we take a close look at the needs of your Asian and Hispanic customers. This series will help you better market your store and your products to your customers for a stronger bottom line.

Teaching Old Products New Sales Tricks 24
Yes, it is possible to get new profits out of mature product categories like chemicals and motor oil.

Selling Peace Of Mind 30
Today, you are not just selling automotive security products, you are selling peace of mind

DEPARTMENTS

Detailing The Market 5
Editorial 10
Market Line 13
Employees & The Human Factor 34
Products 36
Rep Guide 37
Ad Index 40
Reader Service Card 41

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢).

PUBLISHER'S NOTES

REAPING THE BENEFITS

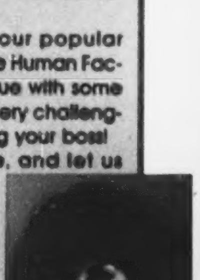
People are different from each other. And if they pay attention to them, retailers can profit from these differences. Research Editor P.R.N. Katcher begins his series about the demographics of five special market segments and how to profit from niche marketing to these groups.

Automotive chemicals are a mature market. But, Contributing Editor Edward L. Kaufman says, there are still many ways to make money with them. He has new input, too, on the status of the antifreeze/coolant, or more properly, the ethylene glycol shortage, and its impact at the consumer level.

Security product sales can be elusive for auto parts retailers. Managing Editor Gail Krueger-Nicholson looks at the current situation and a new twist. There's a switch, more aptly an addition, to the security products business as products come to market with a personal safety benefit in addition to their anti-theft features. Do you know there are special security systems for trucks which protect exterior accessories? Read our security section.

We conclude our popular Employees and the Human Factor series in this issue with some suggestions for a very challenging task: managing your boss!

Enjoy our issue, and let us hear from you! ■



Sarah Frankson,
Publisher

DETAILING THE MARKET

IN-STORE FOCUS

ONE STOP
AUTO PARTS INC.
Headquarters: 1113 62nd Ave. N., St. Petersburg, FL 33702
(813)522-2897
Stores: 26 company owned; 1 franchise
Total Chain Sales: $13,000,000 (est.)
Average SKUs: 8-10,000
Founded: 1977

AUTO 1 STOP PARTS

Gerald Klein, Allan Klein, Jon Buskirk

Situated in the middle of formidable competition (Discount Auto Parts, Rose, and Western Auto, to name a few), One Stop Auto Parts is fighting an aggressive battle to stay in the pack

The firm, which services a market area in central Florida, began in 1977 with one store in Seminole, FL. "At that time, there wasn't much competition," Gerald Klein, One Stop president, explained. "We were the first ones with a DIY retail store, which meant longer hours, advertising, discount pricing, and so forth. We did almost zero wholesale business."

The concept worked, and One Stop added another store the following year. The company continued to grow modestly until 1984, when it opened five stores, and shortly thereafter, brought Allan Klein, formerly of Perry Drug Stores, Pontiac, MI, on board as company vice president

Earlier in the company's history, "we thought we had our cookie cutter," Gerald Klein said. "In other words, we had our formula. The competition wasn't as fierce. But we saw what was coming – that the competition was going to get formidable."

Allan Klein, Gerald's brother, brought his concept of marketing to One Stop, and the company expanded to 24 stores by June 1987 – a time when the competition also began to expand rapidly. It was time to take serious action to keep One Stop competitive

"We knew we had to grow, but there's just so much you can do with profits from within your own company," Klein said. An idea for a franchise operation took form at that time, hammered out among the two Kleins and Jon Buskirk, executive vice president/treasurer

"We looked at it from the standpoint of, 'Would we buy it?'" Gerald Klein said. "So we hobnobbed and came up with the perfect franchise."

The first franchise store opened Labor Day in Spring Hill, FL, a west coast city 50 miles north of Clearwater. The store has the same signage, decor, and product mix as the company owned versions, and is operated, according to Allan Klein, "in exactly the same way."

"As far as the franchise is concerned, it's identical in looks, marketing, merchandising, and supervision to a company store," Allan Klein said

The One Stop stores are small approximately 4,000 sq. ft. Some are free standing, but that's not a firm rule. The blue and yellow color scheme is carried inside and outside, with the firm's red stop sign logo on all exterior signage.

One Stop has rejected the innovative racetrack design, and has opted for "straight runs of gondolas," Gerald Klein said. The parts counters are at the back, and cashiers at the front, with the aisles running front to back. DIY items, for the most part, are grouped toward the front of the stores. SKUs that have to be ordered are toward the back

An average merchandise mix includes accessories, chemicals, waxes, filters, and hard parts. There is no separate import department in One Stop stores, but there is a separate section in front of specialty items, including a carded program of parts for some imports. The franchise stores will follow the same format

The theory behind this, according to the three One Stop executives, is "If it works corporately, it will work for the franchisee."

What's the lure, then, for potential franchisees?

For one thing, according to Buskirk, "We've got a proven concept, and we're able to pass that knowledge along." Some of that knowledge is in real estate, and being a One Stop franchisee pays off handsomely [illegible] at area. Allan Klein said. "The [illegible] franchise is in a regional shopping center with a Wal Mart, Walgreen's, and so forth," he said. "Rates for an independent would be 25-30% more than we pay."

"Today in marketing, purchasing, and merchandising, the independent is not able to be competitive. They're better off being involved with a total group. You have to be able to buy at a price where you can compete," Klein said

One Stop, which plans to "fine tune" its one franchise store before proceeding ("We want to go slowly," Allan Klein said) is operating its franchise program as a separate corporation, OSAFCO Inc. Although it has the same stockholders as One Stop, it's a separate entity

Buskirk and the Kleins are optimistic about the future. "We're going to continue to grow our own company stores as well as franchise," Buskirk said. According to Gerald Klein, "We will probably expand our company stores at 20% a year. It's too early to say about the franchises, but that could be our greatest expansion."

DETAIL

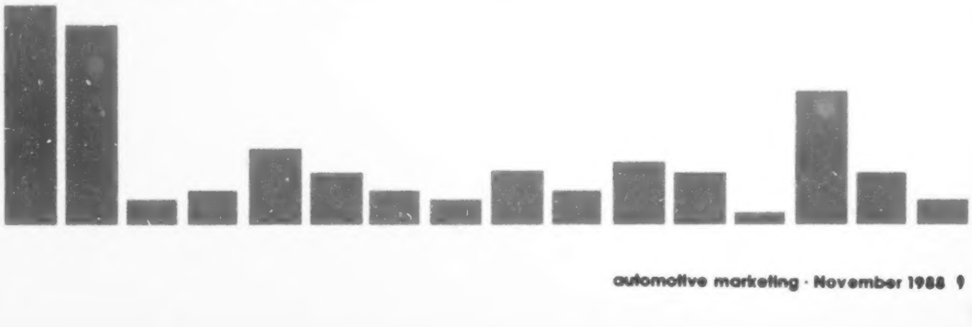
59%

of all motor travel is done in urban areas, according to the Motor Vehicle Manufacturers Association.

PROFILE: TUNE-UP PRODUCT DIYers

Drawing from the 1988 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed tune-up products during the previous 12 months

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+ 40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	91.2%	8.8%	14.3%	35.2%	24.4%	14.6%	11.5%	25.0%	15.3%	29.4%	24.1%	5.0%	61.0%	20.1%	12.2



Slow Growth In Tire Sales Forces Consolidation Among Suppliers

Americans bought about 172 million replacement tires in 1987 for cars and light trucks. Domestic automakers bought another 57 million tires for OE cars and light trucks for a total of roughly 229 million tires.

That's a fairly healthy market and 1988 replacement sales are running well ahead of the 1-2% growth projected. In fact, there is actually a tire shortage because of reduced capacity for tire making. Private brand sales (about a third of the total market) are especially hard hit. Tire dealers have reported order fills under 50% in recent months.

However, both the OE and replacement segments of the tire industry are just recovering from a ten year period of change. To understand the change, simply say "radial tire" ten times. Radial tires, first introduced in America by French-based Michelin Tire Corp., Greenville, SC, in the mid-1970s, now make up about 93% of replacement tires and 100% of OE equipment.

The radial tire, mounted on the lighter cars of the 1980s, means that the average life of a tire today is about double the life of a tire in the early 1970s, roughly 38-40,000 miles on the average.

This technological advance, coupled with the recession of the early 1980s which crippled OE sales, decimated the tire industry. For a time, many expected at least one or two of the major suppliers to go out of business. While this did not happen, the impact on suppliers has also been enormous. More than 30 tire plants in the U.S. have closed since 1973. About 50,000 rubber industry workers have been put out of work. About 50% of the cost of a tire is labor, so American tire manufacturers are going overseas to take advantage of low wages. Roughly a quarter of all tires sold in the U.S. are now imported.

And while only imported Michelin has a high market share, foreign tire companies are buying U.S. tire companies to gain access to U.S. plants. Five major buy-outs/mergers took place in the tire industry over the past three years. The 1987 purchase of of Firestone, Chicago, by Bridgestone, the major Japanese tire maker, was only the largest sale. General Tire, Akron, OH, is now owned by Continental of Germany; Armstrong, New Haven, CT, is now owned by Pirelli of Italy; Dunlop, Buffalo, NY, is now owned by Sumitono of Japan.

Even Goodyear, the world's largest tire company with a 21% worldwide market share, had to fight off a hostile buy-out by James Goldsmith of England. The two other leading American tire companies, Uniroyal and B.F. Goodrich, Akron, OH, merged in 1986.

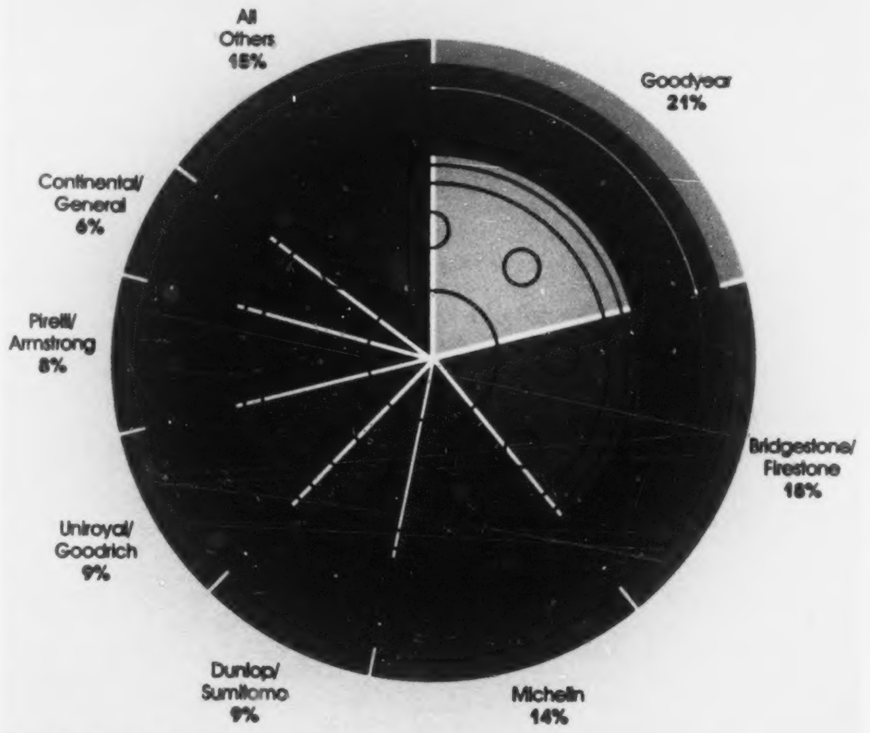
Five suppliers dominate the U.S. market, and each has a different approach to the replacement market.

Supplier Profiles

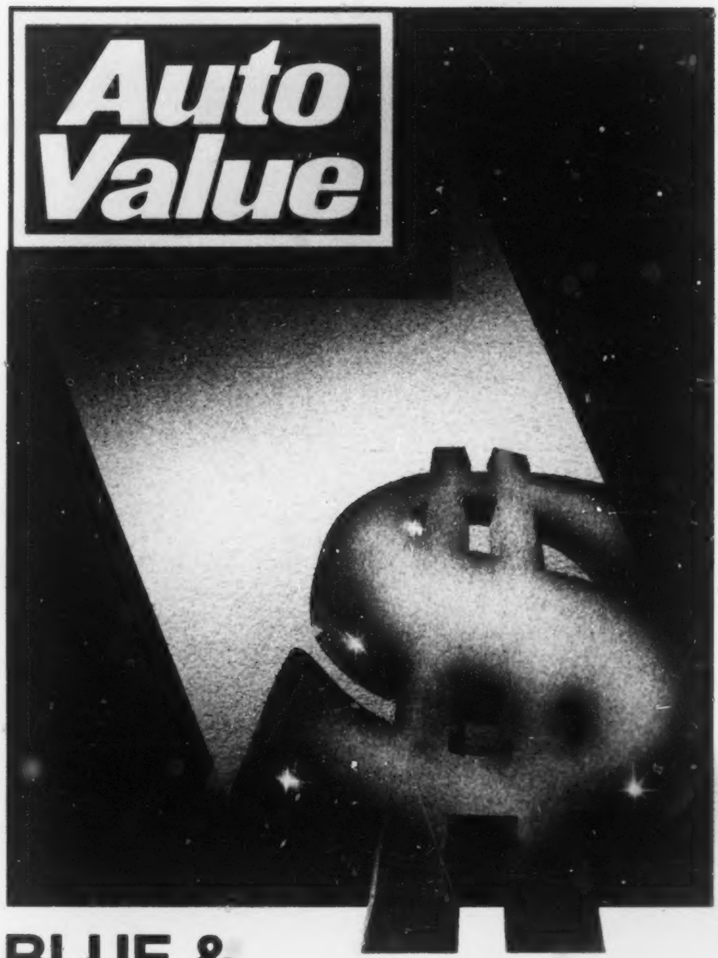
Goodyear Tire and Rubber, Akron, OH, is still the leading supplier, with about a 15-18% share of the branded replacement sales market. Its U.S. tire sales were $4.3 billion, and worldwide sales were $9.9 billion in 1987. In addition,

WORLD MARKET LEADERS

Seven tire companies control 85% of the world tire market. Simply put, Goodyear is the number one tire company in North America, Bridgestone is the number one tire company in Japan/Asia, and Michelin is the number one tire company in Europe. The four companies that follow may soon put their merged strengths together to gain share.



Source: Dunlop Tire Co.



BLUE & YELLOW MAKE GREEN.

Auto Value Marketing...
Quality Programs
For Quality Jobbers.
No Gimmicks...
No Empty Promises...
Just Proven Programs
With A Color
You Can Take To The Bank.

For more information call
(615) 894-3085

PRACTICAL,
PROFESSIONAL,
& AFFORDABLE.

Auto Value
PARTS STORES

(Circle 10 on Product Information Card)

MARKET LINE

Goodyear has about a third of the OE business, which gives Goodyear an advantage in the replacement market since customers tend to replace tires with the OE brand.

Along with these strengths, its Kelly-Springfield subsidiary is the leading private brander (as much as 8-9% of the replacement tire market through various brands). However, a capacity shortage has led the company to cut back on private brand sales to even such major customers as Canadian Tire, Toronto, which sold almost two million private brand tires in 1987. In addition to sales through about 4,000 independent dealers, Goodyear also has 1,300 owned outlets and more than 600 franchised outlets for direct sales.

Firestone has about a 9-10% branded replacement market share; its parent Bridgestone has about 2%. However, its OE business took a punch in the throat when GM canceled its OE business following the Bridgestone buy-out. Observers say the move will cost Firestone five million lost tire sales, and expect the company to make it up in private brand sales. Firestone has almost 1,500 direct outlets which will probably carry Bridgestone tires in addition to Firestone.

Michelin Tire Corp. has made the most dramatic gains. Starting from scratch in 1975 with the first radials, Michelin now owns about 12-14% of the U.S. replacement market including private brand sales. Michelin is the number one supplier to independent tire dealers and the most price cut by dealers. It also has about a third of the Sears business and substantial private label sales. Michelin had cut a deal with Pirelli to buy the Firestone stores if Pirelli could buy Firestone. Pirelli could not, however.

The Uniroyal-Goodrich combo has about 6-7% of the branded replacement market and almost another 7-8% through private label sales. Armstrong Tire Co. is important mainly because it's the chief supplier to Sears Roebuck, which has about 8-10% of the market.

A sixth supplier, the TBC Co., Memphis, TN, is really a marketing company which sells private labels. TBC was formed as a buying group by several retailers (among them, Grand Auto, Guarantee Auto, Crown Auto, R & S Strauss) and tire dealers in the 1960s. It became an independent corporation in 1983. Its Multi-Mile brand (sold chiefly to tire dealers) and Cordovan brand (sold chiefly to retailers) together have about 5-6% of the replacement tire market.

MARKET LINE

Global producers such as Pirelli (Armstrong), Continental (General), Bridgestone (Firestone), and Sumitono (Dunlop) should gain in the American market from their acquisitions of American companies. The effect on their subsidiaries is not yet clear.

Tire Trends

Suppliers pin their hopes on two trends. First, the growth of the light truck market has been a boon to the tire market. About 22 million light truck tires were sold in 1987, and many were bias tires. Off-road tires are an especially hot item, even for light truck owners who never go off road.

The second niche for suppliers is the performance market. Tires built for performance (the 50-60-70 series) now account for about 10-15% of the market. These tires are lower and wider than standard tires. Although true performance tires are speed rated at varying levels to 150 mph, many just copy the performance look. They have higher prices, and best of all for suppliers, wear out much faster than normal tires.

"Customers are paying for steering response, braking, and cornering ability," Tom Beasley, marketing manager at Summit Tire, Akron, OH, a major private brander, said. "The people who buy performance tires are not concerned with mileage." Observers expect performance tires to take up 20% of the market by 1990. ■

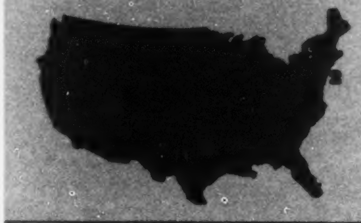
AUGUST 1988 MARKETBASKET

To determine price movement, *Automotive Marketing* created a "marketbasket" of the best prices available for nine popular aftermarket products. We determine the best available price of each item in each marketing area each month to come up with an average marketbasket index. The products making up the marketbasket are usually on sale somewhere within each marketing area, which we define by their unique geographic, meteorological, and consumer characteristics.

AUGUST 1988 NATIONAL AVERAGE MARKETBASKET PRICES BY ITEM

A non-resistor spark plug:	$ .75
An oil filter:	2.10
A can of 10W30 oil:	.81
A can of paste wax:	3.87
An AM/FM/Cassette:	49.95
A gas-charged shock:	12.84
One gallon of antifreeze:	6.99
One pair of wiper refills:	1.81
A 40-month battery:	31.50
Total:	$110.66

AUGUST 1988 MARKETBASKET PRICES BY MARKETING AREA



1. Greenbelt East:	$125.47
2. Megapolis East:	142.53
3. Smokestack East:	107.50
4. Old South:	96.95
5. Caribbean South:	109.07
6. Smokestack Central:	130.31
7. Grainbelt Central:	107.24
8. Spanish West:	91.80
9. Desert West:	110.50
10. Greenbelt West:	93.00

IT'S AMAZING WHAT A LITTLE RISLONE CAN DO FOR YOUR SALES.
SHALER
RISLONE
CONCENTRATE
ADD TO ALL MOTOR OILS
Quiets noisy valves and lifters
Frees sticking rings • Restores lost compression and power
Reduces friction and wear
Assures quieter, smoother running engines
CAUTION!
NET 15 FL. OZ. • .443 LITER

For years you've known and trusted Rislone® Engine Treatment. Now we've put Rislone Concentrate in the same type of easy-to-use bottle. And that pint-size repackaging means it's even easier to sell.

You probably remember what happened when we canned the can, and bottled the engine treatment. We sure do. Sales rose. It's hard to get too much of a good thing, so we've done the same with Rislone Concentrate. We've designed the bottle with a better grip. Gave it a screw-top cap to make it simple to open, and an offset neck for smooth, even pouring.

Like our popular engine treatment, it quiets noisy valves and lifters, frees sticky rings, restores lost compression and power, and helps reduce fuel waste. But unlike the quart-size engine treatment, you can add it anytime to any oil. Which means your customers don't have to wait until the next oil change.

Rislone Concentrate. It's a smaller bottle that can mean big sales. Call us now for more information.

The Shaler Company
21 E. Jefferson St.
Waupun, WI 53963
(414) 324-2211

SHALER

© 1988 The Shaler Company

(Circle 11 on Product Information Card)

TEACHING OLD PRODUCTS NEW SALES TRICKS

Yes, it is possible to get new profits out of mature product categories.

by **Edward L. Kaufman,**
Contributing Editor

What do automotive chemicals and motor oil have in common?

What these two big product categories have in common is appeal to do-it-yourselfers, high turnover, and the ability to sell themselves via consumer-oriented packaging.

As a DIYer, you don't have to be an automotive genius to change your antifreeze/coolant, pour additives into your gas tank or crankcase, use aerosol spray cleaners or apply waxes, polishes or vinyl protectant, or to change your oil. And that's very comforting at a time when many systems of the automobile are becoming harder for professionals to understand, let alone DIYers.

And you don't have to be a retailing genius to sell these products, either. And that, too, is comforting.

Another thing that automotive chemicals and motor oil have in common is that they have reached maturity as product categories. So, the main way manufacturers and retailers can find growth in sales and profits with these products is by developing markets for higher priced, higher performance products. Fortunately, they have done so, opening up new opportunities for retail sales.

Edward L. Kaufman is president of Lindsey-Kaufman Co., a marketing consulting firm specializing in the automotive and truck aftermarkets. Inquiries for additional information should be sent to him at: Lindsey-Kaufman Co., 53 Hamilton Place, Tenafly, NJ 07670, (201) 567-6158.

To find out what retailers think about these opportunities, we mailed a questionnaire to our Retail Panel members asking for their outlook on chemicals and motor oil. Responses came in from every section of the country, from jobber-retailers as well as managers of large, medium, and small chains. We think you'll find the survey findings interesting because they reflect the attitudes and intentions of various types of retailers.

What They Think About Antifreeze

The biggest item for retailers in terms of both gallonage and sales dollars is antifreeze/coolant. It is followed by two functional fluids, brake fluid and transmission fluid. Windshield washer fluid is another "must have" item, and like antifreeze/coolant, its sales are affected by the weather.

In general, our survey respondents were bullish on this group of chemicals. More than three/fifths of them expect faster growth in sales for these chemicals, and more than half plan to add SKUs (not space). Only 6% expect to delete SKUs and/or reduce the amount of space devoted to these products. On the other hand, just over 30% plan on adding space for the category; the majority are standing pat.

But, retailers are concerned about antifreeze/coolant. Since the beginning of Summer, wholesale and retail prices have more than doubled. And the big question is whether prices will continue to rise through the remainder of 1988.

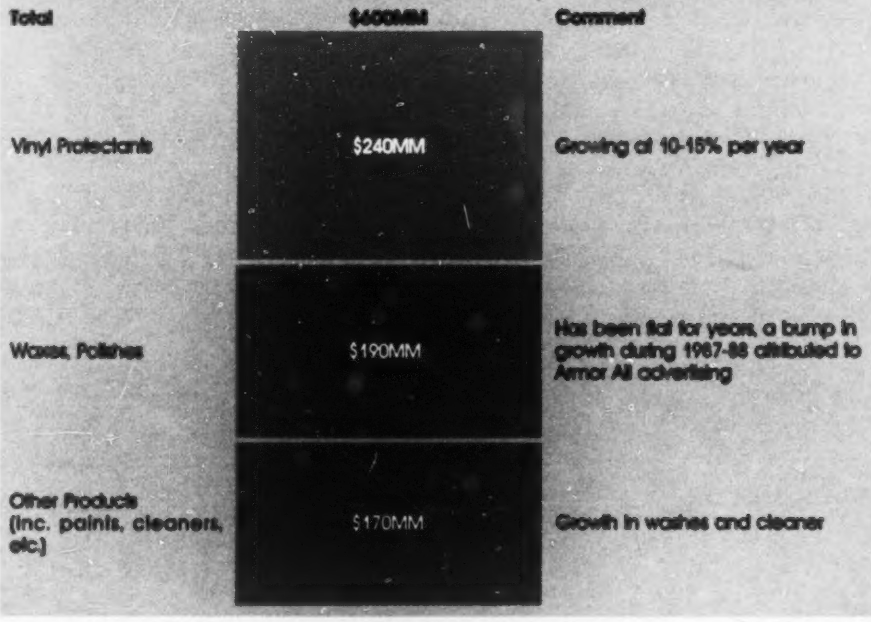
Rumors of an increase were circulating as early as the Fall of 1987. An article in the March 1988 issue of *Automotive Marketing* discussed the likelihood of steep price increases on antifreeze/coolant in 1988. But it was not until June that retailers began to feel the impact of higher prices. Between mid-June and mid-August, wholesale and retail prices of antifreeze/coolant rose between $2 and $4 a gallon. Prices were still rising at the end of August, and some retailers anticipated that retail prices would hit $12-18 per gallon before Winter.

How Retailers Are Coping

We called some of our readers to find

1988 MARKET FOR AUTOMOTIVE APPEARANCE CHEMICALS

This is a $600 million market in retail sales, of which vinyl protectants and cleaners is the largest and fastest growing segment. Armor All estimates industry sales of vinyl protectants and cleaners at $240 million. Retail sales of these products grow at about 12-13% per year. Waxes and polishes have become a slow growth category. However, Armor All's entrance into the category last year—supported by very heavy advertising—appears to have resulted in a "bump," the first growth in total sales of waxes and polishes in a few years.



out how they were coping with the antifreeze/coolant situation. Here's what some of them told us:

- Retail prices were $3.99 last Summer in Champion Auto Stores, New Hope, MN. This year prices were $6.99 on secondary brands and $7.99 on Prestone. Prices were expected to rise well over $10 per gallon – perhaps even over $12.
- In Clarksville, TN, prices rose from $4.50 to $5 last year to $6.99 in June 1988. The automotive manager of a mass merchandiser saw the possibility that retail prices for antifreeze could top $18 per gallon before Winter.
- Anticipating sharp increases, jobber-retailer Turner Noyes of Darling's Auto Parts, Brunswick, ME, had stocked up on antifreeze at a cost of $4.75 per gallon. That stock was sold out quickly. By late August, his cost was $7 per gallon and his retail price was $8.25.
- In the agricultural area of Seneca, KS, farmers and others were well aware that prices of antifreeze might rise sharply. Ray's Auto Supply, a jobber-retailer which does a lot of business with farmers in addition to DIYers, was completely sold out of antifreeze/coolant at the end of August.
- DIYers in the New York suburb of Little Neck, NY, were not at all aware, as of August, that prices of antifreeze had risen so rapidly. At Sav-On Auto Parts, which does 50% of its business with DIYers, Bess Papa said, "They are in for a shock!"
- Retail prices in Lewell, AR, have risen from around $3.95 per gallon last Fall to $7.79 as of the Summer of 1988.
- In San Antonio, TX, last year Western Auto was selling antifreeze at $3.49 per gallon. This year, prices will be a great deal higher. Western Auto district manager Tom Young sees the possibility that rapidly increasing prices on antifreeze will stimulate interest in products which "re-charge" used antifreeze and extend its useful life.

Do retailers see any benefits to rising prices on antifreeze? Not really. In fact, they dread explaining the increases to their customers. Also, some fear that their profit margins may be squeezed even tighter. They see the possibility that competition for business on this traffic builder may prevent them from raising their retail prices equal to their higher costs.

Functional Chemicals

The major products in the functional fluid category are faring very differently from antifreeze/coolant. Brake fluid and transmission fluid are DIY items which tend to be good, reliable sellers throughout the year with DIYers favoring national brands. However, in the upper Mid-

WHAT'S BEHIND THE RUN-UP IN ANTIFREEZE PRICES?

There are all kinds of theories and rumors about antifreeze/coolant. One is that prices have risen because there is now only one producer of ethylene glycol (untrue). Another is that prices have risen because of a severe drop in capacity for producing ethylene glycol (also untrue). Another is that prices, having doubled since last year, may double or even triple before 1989 (possible, but unlikely in the opinion of one leading producer).

It is a fact that there is a close relationship between antifreeze/coolant and ethylene glycol. A typical antifreeze/coolant formulation is 95% ethylene glycol plus some water and corrosion inhibitors. It takes about nine pounds of ethylene glycol to produce a gallon of antifreeze/coolant.

The U.S. market, which consumes about 200-230 million gallons of antifreeze/coolant per year – depending upon the weather – required about two billion pounds of ethylene glycol annually. However, there are about ten producers in the U.S. and roughly six billion pounds of capacity in the U.S. alone.

The problem is that antifreeze/coolant is not the only use for ethylene glycol. The chemical is also used in producing polyester fiber, film and tape, PET – a resin used in molding those large plastic beverage bottles, and other applications.

The price of ethylene glycol rose in 1988 not because of a shortage of capacity but, rather, because producers could get higher prices for their product as a result of strong demand in other applications, particularly overseas. For example, production of polyester textiles has been booming among Asian nations. This has stimulated Asian demand for ethylene glycol. Demand has also been stimulated by increasing use of polyester tape for VCRs.

In addition, producers of ethylene glycol have had to pass along higher costs for raw materials. Their product is derived from an intermediate, ethylene oxide, which in turn, is derived from ethylene. Strong demand for ethylene in numerous applications, including the production of PVC resin, caused prices of ethylene to rise from 13-cents per pound in July 1987 to 31-cents per pound in July 1988.

Antifreeze is a relatively unattractive market to producers of ethylene glycol. Demand can fluctuate with weather conditions but, over the longer term, unit shipments to the antifreeze market increase at less than 1% per year. In addition, profit margins on shipments to the antifreeze industry tend to be lower than in polyester and PET.

Prices of ethylene glycol rose from 18-cents per pound in July 187 to between 40-cents and 42-cents per pound in July 1988. Producers believe that the movement to that level was healthy. That is, from their standpoint, ethylene glycol had been priced too low in relation to their investment. At the end of August one of the ten producers announced an increase to 50-cents per pound, effective September 1, 1988.

Will the increase stick? Can further increases be expected? Speaking for a leading producer of ethylene glycol, a product manager said, "We were surprised, frankly, about that competitor's decision to raise prices to 50-cents per pound. We haven't decided yet whether we will go along. I believe that we are approaching the point at which prices of ethylene glycol will stabilize. A lot will depend upon demand for other uses of ethylene like PVC resin. In any event, we don't expect further increases in 1988 of the magnitude we have already experienced."

On the other hand, an executive of an antifreeze producer said, "I think it is dangerous to speculate. We really don't know. We never expected our costs on ethylene glycol to rise as sharply as they did."

At the APAA show in July, Wynn Oil and Blue Coral's McKay Div. got a lot of attention for their well-timed introduction to antifreeze extenders.

At McKay in Los Angeles, Al Gaspar, a veteran of the additive business, explained the logic behind antifreeze extenders. "Chemists will tell you that ethylene glycol does not wear out. What does wear out are the corrosion inhibitors. We developed a product for the vehicle owner who wants to protect his cooling system but doesn't want to spend $9 per gallon each year to change is antifreeze. Our Mechanic's Brand Antifreeze Coolant Extender costs $3.49 a quart and can be used to treat two gallons of antifreeze. The product works by adding corrosion inhibitors to replace those that have worn out in the cooling system. It can extend the life of antifreeze for more than a year."

Installing either brand of extender is a simple pour-in operation; no draining is necessary. Theoretically, a car owner could extend the life of his antifreeze indefinitely by pouring it in at regular intervals. That, however, is not how antifreeze extender is being marketed. It is being sold as a product which will safely extend a vehicle's antifreeze for at least a year.

What do antifreeze/coolant manufacturers think about antifreeze extenders? Not very much. An executive of First Brands, producers of Prestone, said, "We believe that car owners should protect their cooling systems properly by flushing them at least once a year or every 12,000 miles."

west the Champion Auto Stores chain is testing its own brand of transmission fluid. And it's pleased with the results. One of the motivations for Champion to promote its own brand of transmission fluid is to enhance its image. At Champion, Duane Schatza said, "We want containers with our name to be stocked on the shelves of DIYers' garages. Every time they see them, they'll be reminded of us."

Maintenance Chemicals

This segment of the automotive chemical business includes such well established product categories as oil and gasoline additives, the new and growing category of fuel injection cleaners, and the now declining category of carburetor and choke cleaners.

More than half of our Retail Panel respondents anticipate faster growth in the sales of maintenance chemicals for their stores. On the other hand, less than 50% expect to add SKUs and only 37% plan on increasing the amount of space they devote to maintenance chemicals. Retailers are especially bullish on fuel injector cleaners because of the increasing number of cars with fuel injection systems.

Whether or not they have fuel injection systems, today's four-cylinder, multivalve cars are sensitive to fuel quality. And almost all vehicles, modern or not, are susceptible to performance problems caused by the buildup of carbon deposits on intake valves and combustion chambers.

Retailers see more customers seeking solutions to the problems of knocking, pinging, and low mileage. Traditionally, these problems were related to the use of low octane fuel. Car owners are looking for the benefits of high octane gasoline without paying premium prices for every fill-up. As a result, there is growing interest in octane improvers – chemicals which actually mix with gasoline to raise the octane level – and in gasoline additives which eliminate the buildup of carbon and improve performance.

A marketing manager for one specialty chemical company said, "There are two types of octane boost products on the market. Most of them are methanol based. Methanol *does* have higher octane than gasoline. However, you would have to use about one gallon of methanol to 14 gallons of gasoline to raise the octane by two numbers. In those amounts, you risk rusting metal parts and damaging rubber seals. That is because methanol is an alcohol – very corrosive. This isn't a problem with the aftermarket packages of methanol because they are so small, only 12 ounces. Twelve ounces of methanol can be added to 14-15 gallons of gasoline without hurting the engine and fuel system parts. On the other hand, this amount of methanol doesn't add much octane to the fuel.

"The other approach to boosting octane is to use a lead substitute – like manganese. That type of product *can* be effective in raising the octane level of the fuel. Unfortunately, it is also extremely toxic – you don't want to get any on your skin! We would not consider making this kind of product because it would be hazardous to our employees, let alone our customers. The approach that we and a few other companies have taken is to treat the problems rather than the symptoms. The *symptoms* are knocking, pinging, low mileage and premature ignition. The *problems* are deposits of carbon on intake valves and in combustion chambers. Preignition, for instance, results from hot spots caused by carbon deposits. You can deal with the symptoms by using higher octane fuel, but we believe the better way is to get more performance *from* the fuel by eliminating the problems."

A NEW PLAYER

Can a major oil company compete successfully in the highly entrepreneurial market for automotive specialty chemicals? Maybe, or maybe not.

However, the situation for Chevron USA, San Ramon, CA is different. Through its Chevron Chemical Co. division, it manufactures Ortho brand lawn and garden chemicals. As a result, it has acquired successful experience in marketing consumer packaged chemicals in volume retail outlets. Chevron Chemical Co. has the assignment of establishing a line of automotive specialty chemicals under the Pro-Care brand. It launched a line of Pro-Care gas treatment products in June. Possibilities for the future include Pro-Care brand functional fluids and appearance products.

One thing for sure, Bill Shewry, Pro-Care manager said, Chevron will not offer a product under the Pro-Care label unless it can claim a product advantage. For example, in gas treatment, Chevron is offering three products which seem to resemble others on the market: they have a fuel system "maintenance" product designed for use with every fill-up, a "one-shot" fuel injector cleaner, and a one-shot product designed to improve performance by removing deposits from intake valves and the combustion chamber. Chevron's advantage? Techron, a unique, patented ingredient which does a remarkably thorough job of removing carbon. So effective in fact, that Chevron's gas treatment products have been recommended by many domestic and foreign car makers.

Oil Additives

The other big favorites in maintenance chemicals are oil additives. And the biggest users of oil additives are, by far, the motor oil manufacturers. They use additives to enable mineral oil to deal with problems of high heat and oxidation. So, if oil companies add chemicals to their motor oil, what need is there for aftermarket oil additives? The answer, basically, is that additives can wear out. Besides, oil additives give DIYers the ability to adjust their oil viscosity to meet their needs. For instance, they are traditionally used by owners of older cars as a last resort before spending the money for a ring job.

While oil additives are widely used, the product category is considered mature and slow growing. This doesn't suit First Brands, Danbury, CT, which has set out to carve a new niche in this old market.

First Brands claims a 50% share of oil treatment business for its STP line of products. Examining STP's base of oil additive customers, First Brands noted that better than 95% are owners of cars five years old or older. In other words, most STP customers use the product as a viscosity improver – a way of coping with old-car problems.

First Brands decided to make an oil additive specifically formulated to solve the problems of later model vehicles powered by multi-valve, four cylinder, high compression, hot running engines. STP Supra Wear Control, First Brands' additive for newer cars, is formulated for the consumer who wants more protection than he can obtain from a conventional motor oil, even the new SG grade of motor oil.

"Compared to SG oil, our new product has 100% more friction reducers, 35% more anti-wear ingredients and 25% more cleaners and dispersers to prevent sludge. It goes beyond SG motor oil to provide much more protection," Rick Bowen, First Brands vice president marketing, said.

At this time, STP has no real competition in the market for its newer car oil additive. Competitors appear to be holding back, waiting to see whether STP's extensive advertising for its new products will establish a new category.

But if STP's newer car oil additive *is* successful, you can bet that it will be joined by its competitors.

Appearance Chemicals

This group of products – judged to amount to about $600 million in retail sales annually – includes vinyl protectants and cleaners, waxes and polishes, and a long list of other kinds of automotive appearance products including touch-up paint, bug and tar removers, general purpose cleaners, specialty cleaners for use on upholstery and car interior surfaces and car washes.

There are conflicting opinions on the growth prospects of the appearance chemicals group. At one extreme, a senior executive of a leading company said, "This is a mature, slow growing industry. In fact, it has been declining during the past few years. We see two main reasons for this: changes in consumer lifestyles and base coat/clear coat finishes on automobiles. Whether because of the aging of the population or changes in values, we don't know, but consumers seem to be less willing to spend an afternoon to clean and polish their automobiles.

"The other problem has to do with changes in automotive finishes. The trend to clear coat finishes has given some consumers the impression that waxing is not needed, or less needed. In addition, many waxes contain abrasives which can scratch a clear coat. To stimulate growth, we have to have answers for both problems. Our solution is a new product which is easy to use and which contains no abrasives."

Retailers have a slightly different perspective. They say that their appearance chemical business is still growing (an average of 6.4% for 1988 over 1987) but that the business is not what it was. And yes, they attribute slower growth to better finishes.

Armor All, Irvine, CA, is very optimistic about this category. A top Armor All executive said, in effect, that growth is a matter of commitment.

"Our growth in the vinyl protectant and cleaner category is well known. Some say that we *are* the category. We have spent many millions on advertising to achieve that position and maintain it. We see growth possibilities in the wax and polish field, too. Studies of the Gallup organization show that the percentage of the population which is spending time on car waxing *rose* between 1982 and 1986.

"The fact that industry sales of waxes and polishes fell during this period was a result of *abandonment* rather than lack of potential. In 1982-83 wax and polish manufacturers spent a total of $10 million on advertising. In 1987, they spent only $3 million. Sales went down as advertising expenditures went down.

"We entered the wax and polish field in 1987, said that we would spend $5 million on advertising our new products, and did. In fact, our expenditures were closer to $5.5 million. The results: in our first year we expanded the entire market – the first growth in a few years – and we gained a 20% share of the market."

Armor All intends to grab more market share, too. It has recently acquired the car care products division of Borden Inc., Columbus, OH. Borden makes Rally and Rain Dance automotive waxes.

EXPENSIVE PRODUCTS FOR EXPENSIVE CARS

Petrofam Intl., Houston, has entered the aftermarket with three additive products which are frankly aimed at owners of upscale cars, particularly those which are fuel injected and turbocharged.

The present line includes a fuel injector cleaner (suggested retail of $7.99 for 16-oz.), a gasoline additive specifically for turbocharged cars ($6.99 for 16-oz.), and synthetic oil additive, also for turbocharged cars. Pricing is admittedly at "the higher end" because "...high technology costs money and we offer leading edge technology," a company spokesman said.

The line is stocked by chain stores such as Chief Auto and Western Auto. Petrofam is supporting retail sales with advertising in car buff books and in club magazines such as *Turbocharging* and *Porsche Panorama.*

At Petrofam, Yohanne Gupta sees the market for turbocharged vehicles growing and broadening rapidly. "About four to six million turbocharged vehicles are in use now. At present, turbocharged cars are bought because they obtain more power from a four cylinder engine. In the case of another fuel shortage, sales will increase because turbocharging provides a means for obtaining more miles per gallon." But, repairing turbochargers can be very expensive; $1,000 bills are not uncommon. Stop and go driving results in olefin deposits which can severely affect performance. Petrofam sees a great need to educate owners of turbocharged vehicles on preventive maintenance.

What's New In Motor Oil?

In motor oil, the SG designation should stir up some market interest. It isn't every year that a new grade is introduced. The last one was SF motor oil, introduced in 1982. SG oils were developed because car makers and the petroleum industry recognized a need to provide a motor oil which can stand up to the tough conditions presented by today's hot-running cars.

Not every motor oil manufacturer has an SG oil in the line yet, but most will have one by Spring 1989.

In terms of motor oil market trends, perhaps one of the most significant events has been Amoco's launching of its synthetic lubricant called Ultimate.

Amoco, Chicago, is enthusiastic about Ultimate – and so is its competitor Mobil Corp., Fairfax, VA, which produces Mobil-1 synthetic oil.

Talking about Ultimate, a Mobil spokesman said, "We are happy to see Amoco join us in the synthetic motor oil business. It has been a little lonely here! We need some help in educating the public on the advantages of synthetic over conventional oil. For example, with Mobil-1 there is no sludge, no wax, longer life (up to one year or 25,000 miles), better performance at both very high temperatures and very low temperatures. We hope that Amoco will spend several million dollars advertising Ultimate. We introduced Mobil-1 in 1977 and have spent many millions of dollars in advertising the product since then."

For similar reasons, Mobil was also happy to see General Motors promote Mr. Goodwrench brand synthetic oil via its dealerships. Guess who supplies GM with the synthetic?

One company, Amsoil Inc., Superior, WI, claims to have preceded Mobil in the synthetic motor oil business. Amsoil, a producer of synthetics since 1973, markets a line of some 60 lubricants and greases through a network of independent dealers. Some Amsoil dealers sell quarts of Amsoil motor oil right out of their car trunks to their neighbors. However, quite a few dealers sell cases or drums of Amsoil products to parts jobbers and even small regional chains.

Amsoil sales director Bob Brennan said, "Our product *works*, engines run cooler and last longer; all five of our major synthetic motor oils meet or exceed the SG standard. Beyond that, the benefit to the parts store is offering a product which is not footballed. The profit a retailer can make selling Amsoil synthetic at $4.95 per quart can be more than he might make selling a case of ordinary motor oil!"

Will the introduction of conventional SG motor oils reduce the appeal of high priced synthetics? Not in the opinion of Amsoil. "Our customers are people who will always seek more performance and more protection than they can obtain from a standard product."

At Mobil, E.D. (Buddy) Bryant said, "There is no comparison in the performance of a synthetic, like our Mobil-1, and conventional motor oils. At the service station it costs about $4.25 for Mobil-1 compared to about $2.25 per quart for an ordinary oil. In the retail stores, Mobil-1 costs about $3.99 versus an average price of $1.19 to $1.29 per quart. Four dollars a quart may seem like a lot of money, but it is actually a small price to pay to protect an automobile which may cost $23,000 to $25,000."

All in all, for a couple of mature product categories, automotive chemicals and motor oil still have a few surprises to offer. And it is still possible to find growth in sales and profits by selling the higher-priced, higher-performance products developed within these two categories. ■

[illegible]

Annual
Corporate
PROFILES
Issue

Chilton's
AUTOMOTIVE MARKETING
a Chilton publication
December Issue/Volume 17, Number 13

EDITORIAL STAFF

Rosemarie Kitchin, Editor-in-Chief
(215) 964-4394
FAX (215) 964-4100

Gail Krueger-Nicholson,
Managing Editor

P.R.N. Katcher,
Research Editor

John Wirebach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Eric Metz,
Editorial Intern

Jim Naughton,
Director of Graphics

Janet Lee Taylor,
Art Director

Sarah Frankson, Publisher
(312) 782-1400
FAX (312) 782-1400 ext. 207

CHILTON COMPANY,
ONE OF THE ABC PUBLISHING COMPANIES,
A PART OF CAPITAL CITIES/ABC, INC.
Publishing President: Robert G. Burton
1330 Avenue Of The Americas
New York, NY 10019

Chilton Officers:
Senior Vice President Publications, Richard D. Bay; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Finance, Christopher M. Savine; Vice President Operations/Administration, Donald W. Chestnut; Vice President Publications, Douglas A. Robertson; Vice President Automotive Books, John P. Kushnerick; Vice President Trade Books, Robert S. Doscher
Copyright 1988 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.

Annual
Corporate
PROFILES
Issue

FEATURES

Corporate Profiles 15
A close look at the suppliers, their products, their programs and their plans to help their retail customers stay in business at a healthy profit in 1989

DEPARTMENTS

Detailing The Market 2
Editorial 10
Market Line 12
Products 52
Rep Guide 57
Ad Index 60
Reader Service Card 61

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢)

PUBLISHER'S NOTES

LOOKING TO NEXT YEAR

There are all sorts of things to consider as we enter the last year of the 1980s. Not only what we've achieved, but also those things still on our "do lists" for this exciting decade.

I won't bore you with our *Automotive Marketing* New Year's resolutions. I will promise our continued efforts to bring you the best possible coverage of this changing industry as it affects your bottom line in the automotive parts retailing business.

I do urge you to read each and every corporate profile in this annual issue where our industry's suppliers tell their stories, reveal their marketing plans, and make their forecasts.

For short-take news, read Detailing The Market. And if you have news for this section, especially news about activity at the retail store level, please send it posthaste to Editor Rosemarie Kitchin. Not only do we want to hear from you, we want to write about your news!

As we look ahead, let's not forget the challenging year behind us. As I look back, I do so with enthusiasm and with appreciation for what I've learned. We're grateful for your continuing interest in and support of Automotive Marketing. Thank you for your interest in our efforts and for keeping AM #1. Without you there would be no "us"! Here's to a most successful 1989! ■

Sarah Frankson
Publisher

DETAILING THE MARKET

IN-STORE FOCUS

"Minnesota's fastest growing auto chain," as this business bills itself, sits in the heart of some of the fiercest competition in the U S Close competitors include Champion Auto, Crown Auto, and 10,000 Auto Parts This privately held, family-owned company has thus far managed to avoid acquisition, something not so common in the retail aftermarket these days

The company is run by president Dick Shaller, vice president merchandising and advertising Scott Shaller, vice president Rossi Import and computer operations Steve Shaller, vice president sales and operations Jerry Johnson, and vice president administration Frank Solie Rossi is the firm's division name for its import parts coverage within the Big Whell/Rossi Auto stores

So far, Big Wheel/Rossi Auto appears to be meeting that challenge in a positive way Big Wheel basically serves the Twin Cities area A second Wisconsin outlet is next on the roster, followed by what Shaller calls "rapid growth" in the company's market area

"Our plan is to complete our growth in the Twin Cities area," Shaller said "We think the area can hold about 45 stores During 1989, we'll continue toward this goal as fast as possible "

But the business will not become stagnant after reaching the 45-store limit, according to Shaller "We're real close to buying some property outside of Minnesota – our 'mystery market'," Shaller confided Although he refused to divulge its location, he did say, "We'll be developing a 20-30 store chain in this area, under the same name It's an area that's less competitive We feel it's better to go to a metropolitan area where you can open a chain So that's our next phase – finishing the Twin Cities and moving into another metropolitan market "

Scott Shaller

What is behind such optimism? Shaller insists that the firm's health is based on strong hands-on management that insists on being in stock at all times, and presents pleasant appearing stores manned by well-trained personnel in very convenient locations "1988 is our best year in sales and profit Our sales growth is 38%, including four new stores this year "

"We're growing primarily from our profits," he continued "We have a computerized POS system that's dynamite We replenish our stores on a weekly basis, each store gets a truck every day with either special orders or inventory requirements "

The firm owns its own distribution center, and will break ground on a larger one this Winter The present DC is 36,000 sq ft, the new unit, more than 70,000 sq ft, will have expansion capacity to 100,000 sq ft Although the firm also buys from local wholesalers, it stocks its stores primarily from its own center

Product mix at Big Wheel outlets is standard, with the bulk of the business relying on parts Coverage is given to most imports, including up-scale cars such as Saab and Volvo Rounding out the mix are accessories, chemicals, some high performance items, some upscale items such as sunroofs and cruise controls, and motor oil "We sell a lot of motor oil below cost," Shaller said

All of these items, approximately 13,000 SKUs per store, are jammed into an average store size of 6,000 sq ft "We're wizards," laughed Shaller, when asked how they manage to merchandise such a large mix in such a small area "We stack 'em high and watch 'em buy," he said "We use standard fixtures We're not into the racetrack design "

All stores feature a central checkout area which includes a parts counter Red striping and strong graphics direct customers toward the central area, all aisles lead to it Motor oil and high volume items are at the rear of the stores, all parts are on the sales floor

Two of the Big Wheel stores have service bays which are being phased out Management feels service bays are not profitable unless "you can have a 10-bay shop where you have an on-site service manager to take care of the shop and all the problems that go with it," Shaller said

Big Wheel's average customer is male, blue collar, 18-54 years old, with most in the 25-34 year-old range Big Wheel's selection of parts, accessories and chemicals is aimed toward this shopper, whose car may be seven to eight years old

To help this customer, Big Wheel relies heavily on employee skill The business fights the usual employee turnover problems with incentives such as an in-store recruitment program, bonus plans, sales contests, and on-going training programs that feature tests and diplomas Big Wheel uses some of the APAA STAR video training series, and also creates its own videos to train employees

DETAIL

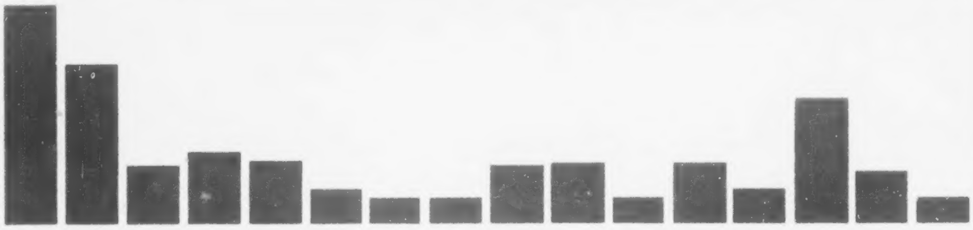
86%

of American workers commute to their jobs in private motor vehicles, according to the Motor Vehicle Manufacturers Association.

PROFILE: OIL OR GAS ADDITIVE DIYers

Drawing from the 1988 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed oil or gas additives during the year prior to the study

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+ 40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	72.9%	27.1%	33.4%	28.8%	14.2%	12.2%	11.0%	27.3%	28.3%	10.9%	28.4%	12.8%	57.2%	20.2%	9.3%



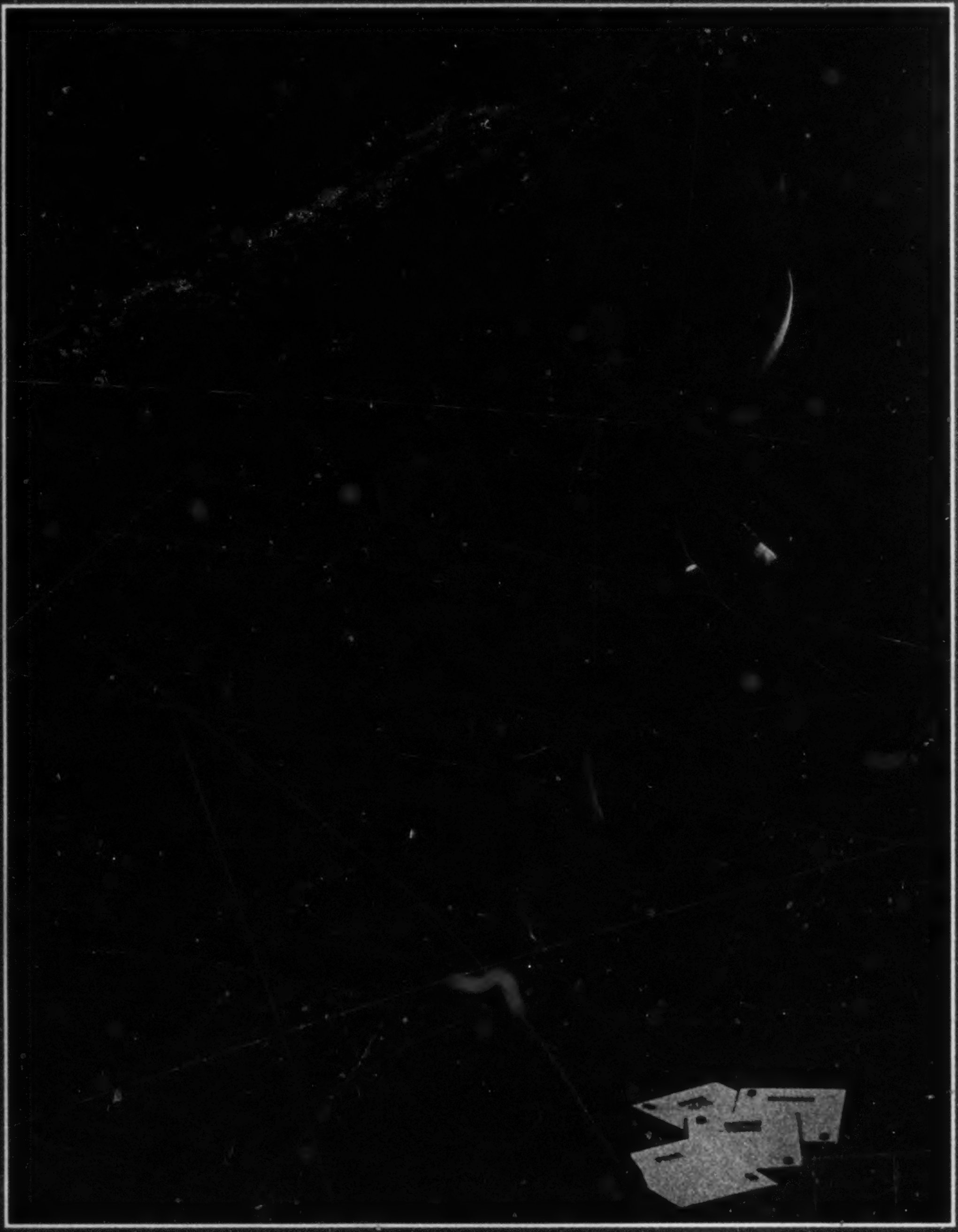
Chilton's

$3.50

AUTOMOTIVE MARKETING

The Marketing Business Magazine For The Retail Aftermarket

JANUARY 1989



MAKING A DEAL:

How Buyers Buy Product

AM Looks At DIYers From A Regional View!

First, Greenbelt East

New! Retail Operations Series

Chilton's

AUTOMOTIVE MARKETING

January Issue Volume 18, Number 1

a Chilton publication

EDITORIAL STAFF

Rosemarie Kitchin, Editor-In-Chief
(215) 964-4394
FAX (215) 964-4100

Gail Krueger-Nicholson,
Managing Editor

P.R.N. Katcher,
Research Editor

John Wirebach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Eric Metz,
Editorial Intern

Jim Naughton,
Director of Graphics

Janet Lee Taylor,
Art Director

Sarah Frankson, Publisher
(312) 782-1400
FAX (312) 782-1400 ext. 207

CHILTON COMPANY,
ONE OF THE ABC PUBLISHING COMPANIES,
A PART OF CAPITAL CITIES/ABC, INC.
Publishing President, Robert G. Burton
1330 Avenue Of The Americas
New York, NY 10019

Chilton Officers:
Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Publications, Douglas A. Robertson; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P. Kushnerick
Copyright 1988 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.

FEATURES

A Look At Marketing Regions: Greenbelt East 27
In this first part of a series on the consumers in different areas of the country and the automotive products they buy, we take a close look at Greenbelt East. What makes the customers who live here different? And, what types of products do they buy? This series will help you better market your store and your products to the customers in this, and other, areas.

How Buyers Buy 32
The buying and selling of aftermarket products is no longer a simple process. Here's a look at the kinds of close-to-the-vest deals today's retail chain buyers are asking for, and getting.

Get To Know Your Customers 38
In this third part of a series on the different types of people who shop in your store, we take a close look at the needs of your female customers.

DEPARTMENTS

Detailing The Market 5
Editorial 12
Market Line 14
Retail Operations 37
Products 39
Rep Guide 41
Ad Index 44
Reader Service Card 45

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢).

PUBLISHER'S NOTES

MAKING THE DEALS

Buying automotive parts, chemicals, and accessories, and negotiating the many components of the programs which come with them these days, is certainly more complex than any card game we've ever played. Senior News & Feature Editor John Wirebach looks at the cards being dealt today in this fascinating game of changing buying practices.

The race toward a national parts chain seems to be holding at the regional level. One possible reason why this is true becomes evident as we look at the regional consumer demographics.

For several years, in our *Consumer Automotive Repair Study (CARS)*, we've looked at the automotive do-it-yourselfer on a national basis. This month *AM* begins a series on his/her regional characteristics, based upon the areas' economy, climate, and other sociological and historical factors. We know you'll find these articles by expert Research Editor P.R.N. Katcher helpful. Our thanks to Hayden Inc. for sponsoring this series in 1989.

And yes, we'll publish our sixth national *CARS* report in March!

Detailing The Market has expanded its headline coverage of our industry's news, and also carries the first of Bill Johnson's columns on time management, certainly a crucial skill these busy days.

Let us hear from you!

Sarah Frankson
Publisher

DETAILING THE MARKET

IN-STORE FOCUS

Brad's Auto Parts Centers
Headquarters: 4946 S.
Union St., Tulsa, OK 74107
(918) 445-0092
Stores: 12
Total Corp. Sales: $8,000,000
Average SKUs: 15,000
Founded: 1977

Brad's Auto Parts Centers

Brad with his friends John R. Seal and Jim Flemings

Brad's was not always Brad's. It took an inspired advertising campaign and a cartoon gimmick to turn it into the thriving business it is today.

It all started in 1977, when Jim Flemings and Gary Davis teamed up to form AP & Supply, a single store then aimed at the professional and semi-professional auto parts customer. Davis was (and is) the owner of Mathews Automotive Warehouse, a WD fixture in the Tulsa, OK, area for decades. The idea in forming AP & Supply was to service Mathews' wholesale customers. The store didn't begin as a true auto aftermarket retailer as we know it today, but, as one company spokesman said, "quasi retail/quasi wholesale."

The business enjoyed a measure of success, expanding steadily into the greater Tulsa metropolitan area. And there were some philosophical changes along the way. In the ten years from 1977-1987, AP & Supply gradually assumed a more retail format until it reached a customer mix of roughly 80% DIY, 20% professional. This shift came about for a number of reasons, according to John R. Seal, vice president marketing. "First of all, wholesale competition got fierce," he explained. "Every time we opened up or moved into new quarters, we'd face heavy competition from NAPA Master Installer programs and specialty warehouses." The customer base was changing as well. "Over the years, it became obvious that the shift was toward retail," Seal said, explaining how APS leaned more and more toward the DIYer.

And then came "Brad." This promotional cartoon character began to appear in 1985. "Brad" appeared as part of an ad on the sports pages of two major newspapers. "Having that character made the ad so unique, it stood out," Seal said. As APS grew and more stores were acquired, the promotional character became increasingly popular with the public, until he became a Tulsa fixture. That's when the idea of a chain-wide name change began to form.

"In late 1987, we had 11 stores, soon to be 12," Seal explained. "We needed a vehicle to advertise – and we changed the name of the business." The new name came directly from the cartoon character – Brad. The change from APS to Brad's had gratifying results. Dollar volume for the chain as a whole increased roughly 5-10%. There was a measurable increase in customers, and a widened customer base. Most importantly, the chain gained an immediate identity which set it apart from the pack.

The ads continue today, stronger than ever. "We are a very aggressive advertiser," Seal said, in something of an understatement.

The Brad's character still appears in his own cartoon strip, and is also, of course, part of each store's promotional format. But the success of the chain, management feels, is due to the retailing philosophy behind the ads.

"One of the unique things we're doing," Seal said, "is taking the good things auto retailers are doing and combining that with good hard parts coverage like an average WD jobber. Therefore, we attract a large customer base, from mechanics to DIYers."

Three of the stores, for instance, feature a paint, body, and equipment section for the sophisticated DIYer or professional. Customers who patronize these departments can find a full selection of paints, primers, and tools ("we can get sprayers for them as well," Seal said). There is also a complete automotive machine shop in one store. "This is a one-stop deal, a guy can get a valve job, rebuild and balance his engine and so forth," Seal explained.

The stores in general, however, are traditional in design, with the parts counters at the back and the cash registers up front. The chain is headed toward a standardized format at this time, but "substantial layout differences," Seal said, have prevented a complete standardization. The largest stores are 8-10,000 sq. ft., and the smallest 4,000 sq. ft., although these are gradually being phased out and replaced with larger stores. Each store carries a complete inventory of parts; a wide range of accessories, including such items as floor mats and car stereos; a complete performance department; and a strong mix of chemicals, waxes, and oils.

Parts are the big money makers, with oil, spark plugs, filters and the like as loss leaders. Having the Mathews warehouse behind the business helps considerably. "We have access to 100,000 parts numbers," Seal said. "Trucks run seven days a week." That means a customer of Brad's is assured of fast service. To further provide that service, Brad's is open seven days a week: 7 a.m.-10 p.m. Monday through Saturday, and 8 a.m.-8 p.m. on Sundays.

More stores are planned for the near future. "We'd like to saturate the greater Tulsa metropolitan area," Seal said. "There are many bedroom type communities we'd like to infiltrate."

To beat the competition, "We try to be price competitive as much as we possibly can," continued Seal. "We offer more complete hard parts coverage. And our employees are so much more experienced. We have well paid, highly trained employees."

Asked how the chain manages to find and keep good help, Seal answered: "We grow our own." The chain has a video library and holds regular clinics for its employees – it even maintains a classroom for employees in one of its stores. The employees are taught the philosophy that keeps Brad's going: "We never say no to a sale."

DETAIL

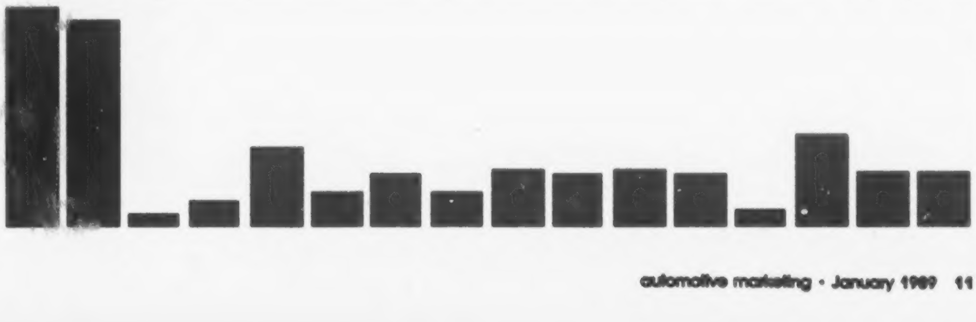
13%

of cars sold in 1987 came with manual transmissions, almost twice as many as the 7% sold with manual transmissions in 1974, according to the Automoitve Information Council.

PROFILE: MUFFLER OR PIPE DIYers

Drawing from the 1988 *Automotive Marketing Consumer Automotive Repair Study,* we look at DIYers who purchased and installed mufflers or pipes during the year prior to the study.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	93.6%	6.3%	12.1%	35.9%	16.2%	22.8%	13.0%	25.6%	19.8%	25.6%	24.1%	8.3%	41.9%	24.9%	24.8%



MARKET LINE

Tire Dealers See Slow Growth In Sales, But Rapid Growth In Service

Selling service work is the ticket for tire dealers today. As Tony Hylton, communications director of the National Tire Dealers and Retreaders Association (NTDRA), Washington, DC, put it, "It boils down to a matter of survival."

Not that tire sales are slumping. Tire dealers sold about 172 million tires in 1987 for cars and light trucks at an average price of about $51.80 per tire. And it looks as if 1988 sales will finish well ahead of projections at about 180 million tires.

(For a detailed look at which tire manufacturers are selling how many tires, and how they are selling them, see our top November Market Line Story, "*Slow Growth In Tire Sales Forces Consolidation Among Suppliers*" on page 13.)

However, the use of radial tires means that the annual average tire sales per car has dropped from about 1.9 in the 1970s to about 1.1 today. With fewer sales per car, intense competition has driven down prices and margins.

To make up the difference, and because they already have the physical facilities to do so, tire dealers are bidding to become major service centers. Service sales accounted for about 10-15% of tire dealer revenues in the late 1970s, according to the Stern Tire Industry Study, done for the NTDRA by Dr. Louis Stern of Northwestern University in 1983. Today, service accounts for 25-30% of sales for the average independent.

Joe DePaulis, president of Johnny Antonelli Tire Co., Rochester, NY, and president of the NTDRA, noted that there's a 27-30% margin on tires and a 55-60% margin on mechanical work. Still, there are some problems for the tire dealer in service. "First, on tires, you use a low-talent, low-paid individual. But certified technicians are very expensive. You can blow the profit margin away very quickly. Second, the proper equipment is expensive. Four-wheel alignment equipment runs $25,000, and diagnostic machines can be $25,000. Third, and most important, there's little advertising co-op from parts suppliers. You get advertising money from tire suppliers. And in metro markets, advertising is expensive. The rate here in Rochester is almost the rate in Chicago. We can blow our co-op in one weekend."

And co-op is vital. Antonelli feels that tire stores rely on people buying tires for customers; instead, tire stores need regular service customers as well as tire buyers. "People know us as tire stores which happen to do repairs. We have to change our image with some PR work to get the message out that we're not just a tire store any more."

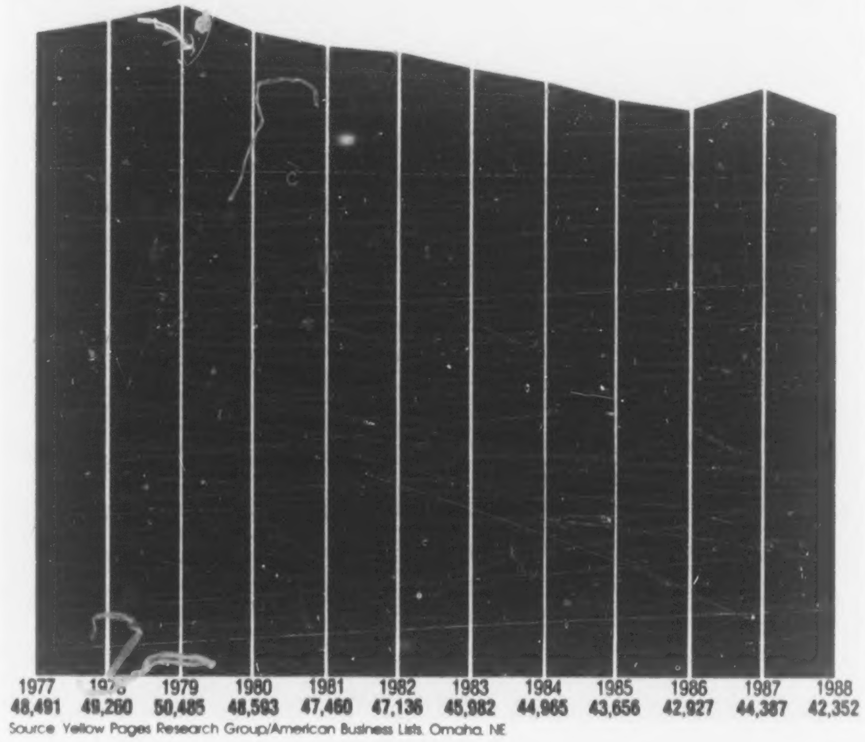
The 24 Johnny Antonelli stores get about 30% of their sales from service. Recently, the chain bought a warehouse to stock parts and sell some excess to tire wholesale customers. DePaulis noted that tire dealers really run two and sometimes three businesses: tire sales and warehousing, a service operation, and now for many, a parts warehouse.

Tire Company Stores

The move to service also applies to tire company stores. Goodyear (1,300 owned

NUMBER OF TIRE RETAILERS

While no one has an exact count of the number of tire retailers, we can get an idea of the total by checking the number of tire retailers listed in the Yellow Pages under "Tire Dealers-retail." A year by year count since 1977 shows a steady decline in tire retailers. The number of tire outlets has declined by about 8,000 since 1979.



Source: Yellow Pages Research Group/American Business Lists, Omaha, NE stores) and Firestone (over 1,500 owned stores) are the majors while General Tire owns about 80 stores and Michelin recently bought 67 Tire Kingdom outlets in FL.

Although tire company-owned stores control only 11% of the tire market, their share climbed about 2% in recent years. Independent tire dealers fear the tire companies are buying distribution at their expense.

For example, Goodyear Tire and Rubber, Akron, OH, has purchased almost 400 independents in the past three years. Dave Russ, a Goodyear spokesman, noted, "We kind of want to avoid the image of gobbling up independents; it's not so." Independent competitors believe differently. Goodyear owns 1,300 stores, franchises about 600, and sells to some 4,000 independents.

Most Goodyear dealers stock only Goodyear tires. The company does not sell to discounters, and independents must buy through Goodyear wholesalers. Goodyear is also the largest OE supplier (about a third of OE sales) and many customers tend to replace OE tires with the same brand, which is an advantage for the Goodyear dealer.

Goodyear company stores and franchisees all operate Goodyear Certified Auto Service within the shops. In 1983, Goodyear concluded a deal with the AAAD programmed distribution group (Parts Plus) to supply repair parts to its tire stores, solving its warehousing problem. The company operates 17 full-time training centers. We estimate service business is worth about $500 million yearly to Goodyear.

Firestone Tire and Rubber Co., Chicago, uses a different approach. Since 1981, expecting slow growth in tire sales, the company invested heavily in service facilities with its Master Care program. Each of its 1,540 Master Care locations has been completely refurbished, equipped with the latest in diagnostic equipment, and the 12,000 service workers retrained in five national and 53 regional centers. As a result, Firestone gets more sales through service than through tire sales.

"We're actively expanding our retail network," Bob Troyer, a Firestone spokesman, said. "We're building new locations in auto malls. We've closed some marginal downtown facilities and we're moving to the suburbs where the customers are. Also, we've told major Firestone independent dealers that if they want to sell out, talk to us first. We recently bought 91 stores in Texas and eight stores in Phoenix. We're not trying to take over the market, but we're willing to talk."

Firestone retail operations are approaching a billion dollars this year and the service segment is "in excess of $600 million. Service is not growing at the expense of tires," Troyer added. "The service market is boundless. We could easily double the business. To double the tire business, we'd have to steal market share from someone."

Tire Dealers

Stealing market share at the retail level is difficult. Many tire wholesalers are banding together in buying groups of one kind or another. At the same time tire discounting has become a strong part of the market. The fast growing warehouse clubs and tire discounters now hold about a 4% share of the market. The largest discounter is probably Discount Tire, Phoenix, with 196 stores and sales of "close to $400 million," according to president Bruce Halle, Jr.

Tire discounters only provide mounting and balancing. In fact, most stores operate with jacks rather than lifts. Their strengths are huge advertising and, usual-

GILA
GILA
SERIES
SERIES
LIFETIME WARRANTY
LIFETIME WARRANTY
Designed For Both Front Side Windows
Designed For Rear and Side Windows
Windo
Windo

the only requested HIGH Performance window tint

The first really new window tint product in years. Best of all: it was requested by auto film users!

Gila conducted a survey among D.I.Yers and professional window tint installers. High performance with scratch resistance was the overwhelming demand followed by improved visibility up front without reducing solar control properties. And that's exactly what we can deliver to your stores. And more. Right now.

Gila's new product is the most functional film available. Scratch resistance? You bet. It meets Federal Abrasion Resistance Specification Z26.1-83. Solar control? Absolutely. It has maximum heat rejection properties and blocks 99% of damaging ultraviolet rays. Visibility? True innovation. We've developed a window tint *system*. With twin unit packaging we offer a dark smoke SKU for rear and side windows accompanied by a top shaded SKU for the front side windows. In a word: everything that your customer asked for. And we guarantee it for your customers. In writing.

Marketing support? Outstanding. Gila is the national leader in auto tint. We sell more D.I.Y. tint than all of our competitors combined. And Gila's backup for your stores matches this lead. We want to give you complete details. Just give us a call.

1-800-528-4481

GILA® RIVER PRO

6615 W. BOSTON ST. • CHANDLER, AZ

Base material is Hostaphan® polyester film manufactured

(Circle 12 on Product Information Card)

ly, the lowest price in town. Although several major suppliers refuse to sell to warehouse clubs, tire discounters are aided by small suppliers looking to expand sales.

One type of buying group is the tire co-op. Probably the largest is Metro 25, Detroit, which goes to about 340 outlets through 23 wholesalers. Sales have risen from $36 million in 1981 to $288 million in fiscal 1988 (ending June 30). President Duane Rao, Rao Wholesale Tires, Detroit, likened the program to a programmed distribution group. He said Metro 25 reduces acquisition costs to a wholesale tire dealer by about a third.

"The last ten to 12 years, profit margins have been squeezed for wholesalers," Rao said. "The only way to lay off costs is to do more volume. Stores like Wards and K mart are taking a hard look at the tire market. They either want to grow or get out. As they try and grow, they're putting pressure on the independent. Even in small markets, there's pressure. Put a discounter in a town of 50-75,000 doing 115-120 tires a day, and it'll wipe an independent out. The average small independent only does 15-20 tires a day."

With the tire program in place, and aided by a recent deal with National, a strong private brand, Rao said Metro 25 is now "starting to look at service. We want to tap into the vo-techs of the world. Set up programs to hire the top 15-20 graduates. Use our shops for part-time programs and classes. Show vocational students that the top trainees have a job waiting for them."

Action Auto & Tires

In addition, Metro 25 is now working with Action Auto, Flint, MI. Bob Sabo said the collaboration has made tires the fastest-growing line at Action.

"Basically, we had our Cascade private brand (made by B.F. Goodrich and Kelly-Springfield). But Metro gives us availability of a lot more lines. We never had Michelins, Uniroyals, Nationals before. That's the key: availability. You've got to have a broad selection. Metro services our stores. They buy and warehouse the tires, we just watch our pricing. Basically, the big investment is warehousing. It's not cheap to warehouse tires.

"The reason we did it? We saw tires were 15% of Pep's business according to their annual report (it's actually less, see below). People either buy two or four at a time. Then there's a wheel alignment and balancing. That makes a nice ticket. Tires make a lot of sense. Plus, we can do an inspection. That's the name of the game. You want to get the car on the hoist, you want to inspect it. Hopefully, we'll get a lot of service work out of it."

Tire Franchises

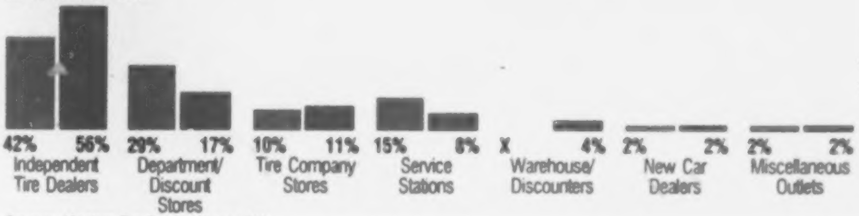
A second type of co-op is the Big O franchise operation in Denver. Bob Wilson, vice president of marketing, said the group has about 296 stores with combined sales of $194 million for 1987. A Big O franchise costs $15,000 and a 2% royalty. Franchisees are required to spend 4% on advertising. Wilson said the key to franchise success is a two-week class training program followed by four-week in-store training each new franchisee must complete.

Big O has its own private brand and Wilson said the group is "close" to aligning with a major national brand. "Service is extremely important. We call our program Extra Care and it's patterned on the Firestone program. Our stores do about 30-35% of sales in service work.

"Several years ago we set a 30% service goal. At the time it was barely 20%. We thought it would take three years, but it was only a year and nine months. We attacked the situation from all sides. We set up an equipment purchasing program, a training program, a financial management program, and determined that all stores would have at least one ASE certified mechanic. Of course, we also advertised the program. We don't want to go higher. We're not encouraging 40-50%

WHERE TIRES ARE SOLD

Between 1978 and 1988, independent tire stores have gained a majority of the tires sold with 56% of the market. The gain has come at the expense of service stations and discount/department stores which have both declined.



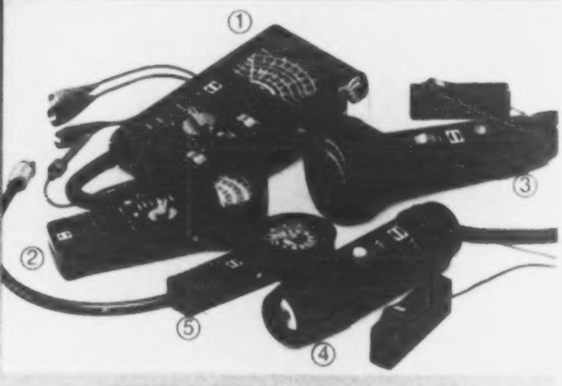
Source: *Modern Tire Dealer*, Akron, OH

OPTILUX EQUIPMENT...

Puts Any Engine to the Test

[illegible] Also available for the weekend mechanic is a prepacked set that includes Pocket Motor Tester, Timing/Light Analyser and the Compression Tester all nested in a durable, molded carrying/storage case.

All Optilux test equipment is specially designed for testing 4, 6 and 8-cylinder engines. Complete, easy to follow instructions accompany each instrument.



OPTILUX

Hella, Inc.,
PO Box 1064, 42 Jackson Drive,
Cranford, NJ 07016.
201-272-1400.
FAX NO. 201-276-4489.

(Circle 13 on Product Information Card)

service sales. We are a tire company."

Currently, parts are sourced through local WDs. But Big O is in the process of setting up a warehouse in each of its five regional centers. "We can handle it now. We have the computer space, the warehouse, the trucks, but we want to move cautiously and make the right decision. There won't be a full program until late 1989." Wilson projects company sales at close to $215 million in 1988.

Independent tire dealers, led by such co-ops as Metro 25 and Big O, have increased their share of market to 56% of the market compared with about 42% in 1978. Much of the tire dealers gains came at the expense of service stations. Service stations have dropped from a 15% share of market to 8%. If oil companies do return to TBA programs, however, the decline could be reversed.

Department and chain store sales share also declined, from about 29% in 1978 to 17% in 1987. Most of the decline has been at the discount store level with such losses as Penney's, which had about a 3% share when it sold off its auto centers to Firestone in 1983. K mart, Wards, and Sears have all lost share in the past ten years.

Much of the decline is due to the lack of price difference between private brands and national brands. Private brands now account for about 32% of the tire market, compared to almost 40% in the late 1970s. As a result, discount stores are now stocking national brands along with store brands. A spokesman for a large Eastern chain store said it was simply a matter of attracting "the half of the market that only buys national brand name goods." Even Sears is adding selected Pirelli lines in its 803 auto centers.

The Auto Chains

The auto chains do surprisingly well at selling tires. For example, the Pep Boys, Philadelphia, Cornell private brand tire has about a 1% share of the tire market. In recent years, tire sales have accounted for about 11% of Pep Boys total sales (not including labor charges). That would make the tire business worth about $55-$60 million to Manny, Moe, and Jack.

There is also Cordovan, a private brand sold almost exclusively by retailers such as R & S Strauss, Guarantee, and others. It has about a 2% brand market share. Then there's Western Auto, Kansas City, (owned by Sears) whose own private label has a 1.5% share in addition to sales of half a dozen national brands.

Western recently acquired NTW (1987 sales: $97 million) and Tire America (1987 sales: $117 million). The two operations have merged to form Tire Warehouse Stores Inc., headed by John Leach. Recently, *Modern Tire Dealer* estimated that Western now controlled about 6.5% of the total tire market. A spokesman for Western said he thought that was a little high. However, he noted that Western was looking to buy more tire outlets.

The Western-Sears combination is making tire dealers sit up and take notice. Metro 25's Rao noted that Sears and Western have about a 16% share of market between them. "That's bigger than Goodyear. They have more units than Goodyear. Sears has been dropping in share, now they're buying share back."

All in all, the tire market seems most to resemble the traditional market where a few dozen large groups and chains have squeezed the Mom and Pop outlets out of the metro markets and into the rural towns. While tires are not a key category for most auto chains, the tire stores with the increased economies through group buying may become serious competitors for service business. ■

SHALER
RISLONE
CONCENTRATE
ADD TO ALL MOTOR OILS
Quiets noisy valves and lifters
Frees sticking rings • Restores lost compression and power
Reduces friction and wear
Assures quieter, smoother running engines
CAUTION!
NET 15 FL. OZ. • .443 LITER

IT'S AMAZING WHAT A LITTLE RISLONE CAN DO FOR YOUR SALES.

For years you've known and trusted Rislone® Engine Treatment. Now we've put Rislone Concentrate in the same type of easy-to-use bottle. And that pint-size repackaging means it's even easier to sell.

You probably remember what happened when we canned the can, and bottled the engine treatment. We sure do. Sales rose. It's hard to get too much of a good thing, so we've done the same with Rislone Concentrate. We've designed the bottle with a better grip. Gave it a screw-top cap to make it simple to open, and an offset neck for smooth, even pouring.

Like our popular engine treatment, it quiets noisy valves and lifters, frees sticky rings, restores lost compression and power, and helps reduce fuel waste. But unlike the quart-size engine treatment, you can add it anytime to any oil. Which means your customers don't have to wait until the next oil change.

Rislone Concentrate. It's a smaller bottle that can mean big sales. Call us now for more information.

The Shaler Company
21 E. Jefferson St.
Waupun, WI 53963
(414) 324-2211

SHALER

© 1988 The Shaler Company

(Circle 14 on Product Information Card)

RETAILING TO SPECIAL MARKETS

Not All Truck Owners Alike, Expert Says

Don't expect every mini-truck owner to be alike, Dale Garber, Toyota Racing, Torrance, CA, told attendees of the mini-truck seminar held at the 1988 SEMA/AI Show in Las Vegas. Owners of imported and domestic mini-trucks are very different in ways that must be understood by retailers trying to tap this booming market.

Overall, buyers of Toyota's mini-trucks, as compared to buyers of the country's leading seller of mini-trucks, Ford, are younger, more apt to be female, more apt to be better educated, and more commonly found in other geographic areas from Ford owners.

According to Garber, 60% of 4X4 Toyota mini-trucks were sold to males less than 30-years-old, while just 35% of 4X4 Ford mini-trucks were sold to the same group. In the same way, 40% of two wheel drive Toyotas were sold to that young, male group, while only 28% of Fords went to that group. "The average imported mini-truck buyer is dramatically younger than the domestic buyer," Garber concluded.

In much the same way, 95% of Ford mini-trucks were sold to males, while 86% of Toyotas went to males, meaning a larger proportionate mix of women mini-truck buyers chose Toyotas.

In terms of education, 28% of Toyota buyers had college degrees, while 18% of Ford buyers did.

Garber said median income was roughly the same for Toyota and Ford mini-truck buyers. However, he said, "The 4X4 income is dramatically lower. Some 50% of the under 30 group income goes towards the cost of running a truck." Therefore, it's virtually impossible to sell high-end products for four wheel drive mini-trucks. In much the same way, Garber said, most two wheel drive mini-trucks are used for basic transportation. "Or the buyer has *no* income at all," he said, which makes for poor prospects for aftermarket product sales.

When it came to trade-ins, 23% of those who bought a Toyota mini-truck traded in a domestic car. This compares to 42% of those who bought a Ford mini-truck and traded a domestic car in for it. As an aside, 10% of Toyota mini-truck buyers traded in old Toyotas for their new vehicles.

"The light truck market is extremely regional," Garber said. In two-wheel-drive mini-trucks, domestic models are mostly popular in the North Central, Mid-Atlantic, Southeast, and Gulf State regions of the U.S. Imports sell at a ratio of three to one in the Southwest. In 4X4, imports are more popular than domestics in the Northeast, Southeast, Gulf States, and Southwest. The 4X4 domestics have no advantages in any particular geographic region.

"The why for these differences is found in psychographics," Garber said. "That's why generally imported mini-trucks are found on the West Coast and in the Sunbelt while domestic mini-trucks are found in the industrial areas. It relates to the average age of the buyers in those regions."

Generally, a retailer hoping to tap this booming market has to first determine the type of mini-trucks in his area, domestic or imported. Then he must vary his product mix and marketing approach to reach the mini-truck owners. ■

LETTER

Duke Says Goodrich Was First With Radial

In regard to our Market Line story on tire suppliers in November, 1988 (page 13), Tom Duke, vice president of the Urda Co., Akron, OH, wrote to say that Michelin did not introduce the first radial tire in America.

"Although Michelin developed the radial tire in 1948 for sale in Europe," Duke wrote, "the American radial tire was inroduced in a test market in Dallas by BF Goodrich Tire Co. in 1965. By the early 1970s, several U.S. tire companies were making and selling radial tires; not only BF Goodrich, but Firestone, Goodyear, Uniroyal et al. Michelin, indeed, was selling in the U.S. market in the 1970s, but did not introduce it to the U.S. market until after BF Goodrich." ■

Lost Sales Are Biggest Retailing Problem

Lost sales are the biggest problem in our industry. You want to know about all the lost sales to make decisions on buying," Glenn Staats, president, Cooperative Computing, Austin, TX, said to wholesalers attending the 1988 Purchasing Seminar held by the Automotive Warehouse Distributors Association (AWDA), Kansas City.

Staats said any item requested by a customer that is not in stock should be entered into the warehouse's computerized system and then reported to management for buying consideration. If there are enough lost sales of any particular product, the company should be stocking that product.

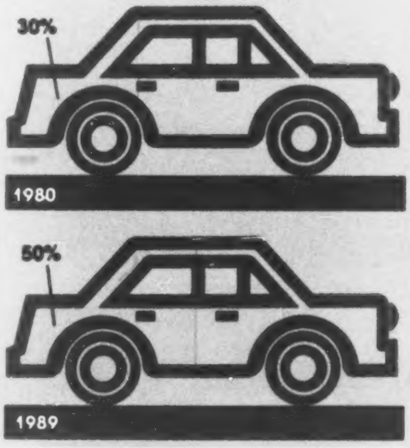
How else does a buyer know what to order? According to Staats: "The best indicator of how many I sell tomorrow is how many I sold today."

There would seem to be a conflict between this and seasonal buying. But, Staats also said that fewer items are actually seasonal items than many people think. "If there's a 20% change in product movement from season to season, it's not really a seasonal product," he said.

Store-to-store transfers should be avoided at all costs. "If you touch an auto part, you don't make any money when you transfer it from store to store." ■

FOREIGN PARTS 1980-1989

According to the Automotive Parts & Accessory Association (APAA), about 50% of all parts in the average vehicle sold in the U.S. in 1989 will either be made by a foreign supplier or will be made by a foreign-controlled supplier such as a Japanese parts maker with a U.S. plant. Only 30% of all parts in the average vehicle sold in the U.S. in 1980 were made by a foreign supplier or were made by a foreign-controlled supplier.



Source APAA

CORRECTION

Truck Numbers

The actual number of light trucks registered in the state of Washington in 1986 was 972,085, not 833,701 as reported in our August issue. ■

A LOOK AT MARKETING REGIONS

by **P.R.N. Katcher**, Research Editor

The United States is actually a group of areas that differ greatly according to their histories, geographies, economies, media habits, weather, and even basic values such as religious beliefs. The differences among these areas, however, are not accurately reflected by state boundaries. Retailers should be aware of the differences as they formulate market plans.

This is a relatively new concept. It was only 28 years ago, in 1961, that U.S. Department of Agriculture demographer Calvin Beale noted in his major study *Economic Areas of the United States* that Western vehicle owners drove light trucks to identify with a rural life style. They didn't have some need to actually haul freight. This was not the case in the rest of the country at that time, Beale noted.

Since then, light trucks may have caught on all over the country as identity rather than necessity vehicles. But back then, Beale used the light truck market to illustrate the very real fact that the U.S. is made up of unique marketing areas.

For example, people in Northern California are much more like people in Seattle than they are like people in Los Angeles. People in Los Angeles, in turn, are more like people in Santa Fe than people in Northern California.

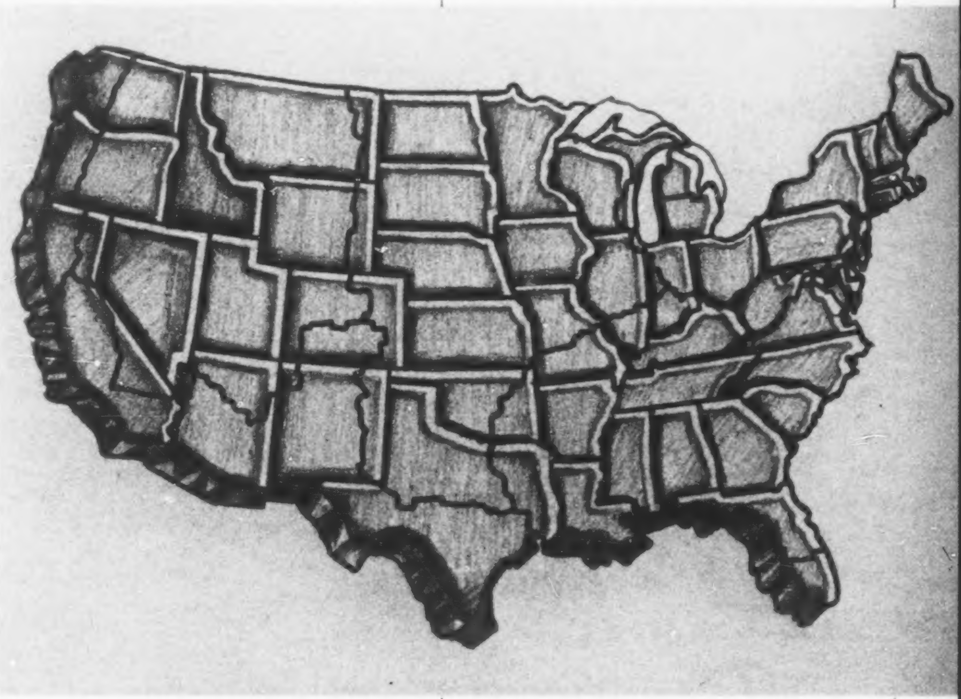
Other demographers soon followed Beale's lead. Vincent Barabba, then executive director of market research and planning, General Motors Corp., Detroit, said that his company developed a regional marketing program during the 1980s. GM's program includes variables such as demographics, the economy, market potential, media habits, politics, purchase behaviors, and weather conditions and altitude. The end result would be, he said, to "match market characteristics to product purchases."

Affecting The Aftermarket

As General Motors has recognized, Americans have long defined themselves, in part at least, by the cars they drive. Therefore, it's no surprise that the boundaries of the actual regions of America can be traced by the differences in car buying and maintaining habits.

As Brad Edmondson, associate editor of *American Demographics*, wrote in the January 1987 issue of that magazine: "Detroit auto marketers have discovered that people in different regions buy cars for different reasons. Four out of ten new cars are sold in California, Texas, Florida, and the tri-state market surrounding New York City, according to R.L. Polk & Co. Inc., Detroit. But peoples' preferences in each of these areas are different.

"Northeasteners demand fuel economy and front-wheel drive for snowy roads. The South and Southwest are national centers for sales of pickup trucks. Texans are 7% of the population, but they buy 10% of all trucks; Texas is the only state where trucks are the majority of all new vehicles sold. Florida dealers move loads of full-size American cars. But the West is like a foreign province. And because California accounts for 10% of new car sales, domestic automakers take it seriously when they lose ground in the Golden State."



What The Areas Are

Joel Garreau, a cultural geographer like Beale, produced a book, *The Nine Nations of America*, after traveling across the country. In it he defined nine definite, separate regions in North America with very real differences from the other areas. His North America was made up of New England, Quebec, The Foundry (i.e., the Northeast), Dixie, The Breadbasket, The Empty Quarter (i.e., most of the West), The Islands (South Florida and the Caribbean), MexAmerica, and Ecotopia (the Pacific Northwest).

Automotive Marketing has analyzed these areas and has redefined them in terms retailers can use to plan market strategies. The *AM* areas are Greenbelt East (i.e., New England), Megapolis East (that urban belt from New York City's northern suburbs to Northern Virginia), Smokestack East (e.g., most of Pennsylvania and New York States), Old South (the old Confederacy), Smokestack Central (industrialized states including Indiana and Michigan), Grainbelt Central (the Great Plains), Spanish America (Southern California, Arizona, and New Mexico), Caribbean South (around Miami), Desert West (the empty area that includes Montana and Utah), and Greenbelt West (the Pacific Northwest).

We shall look at the unique habits and demographics of the automotive DIYer in some of these areas. We start with Greenbelt East. ■

A LOOK AT GREENBELT EAST

by **P.R.N. Katcher**, Research Editor

The area we call Greenbelt East is the one area of all the *Automotive Marketing* marketing areas that is most like its political borders. Greenbelt East is the New England States, except for several Connecticut counties that are really New York bedroom counties and reflect big city (our Megapolis East area) attitudes and behaviors.

The strong religious beliefs of its founders, harsh winters, and poor soil for farming, have shaped Greenbelt East. The first people to settle Greenbelt East were British, the majority from the cold plains of East Anglia, who came to the New World to build a "city on the mountain," a society governed by God's plan as they knew God's plan to be.

While in recent years ethnic minorities, such as the Portuguese, have settled in Greenbelt East counties, the majority is still Anglo-Saxon. According to the latest U.S. Department of the Census figures, 97.1% of Greenbelt East residents are White, compared to a national figure of 83.4%. Only 1.3% are Hispanic (vs. 6.5% nationally). And, 1.6% of Greenbelt East's residents are Black (11.7% nationally).

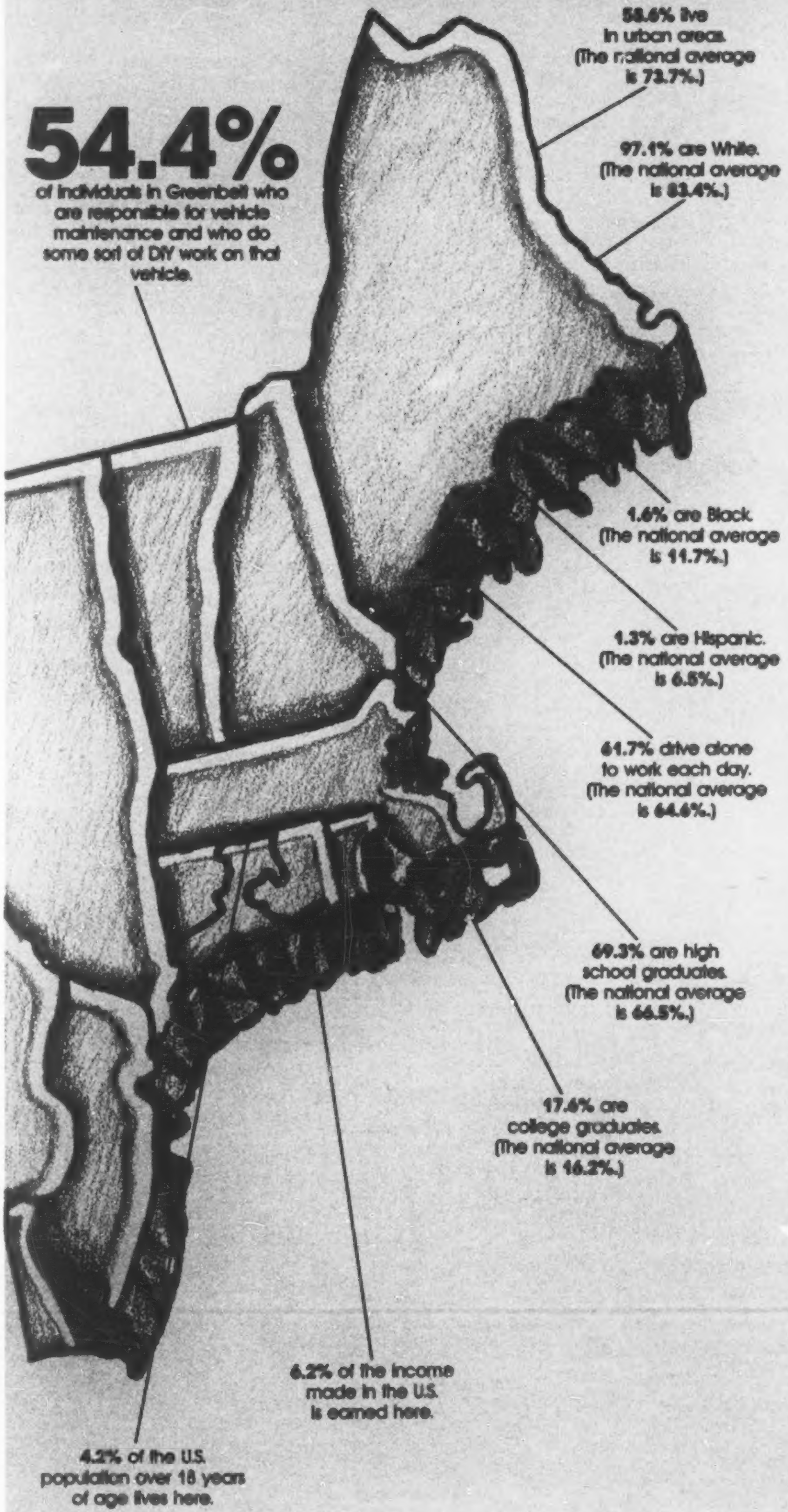
Education Levels Are High

Greenbelt East founders were well educated for the 17th Century, many with degrees from Cambridge University colleges. Hence, one of their first tasks in the New World was to establish schools, including Harvard University which was founded in 1636. It is no surprise, therefore, to see Greenbelt East residents outpacing the rest of the nation in educational levels. Today, 17.6% of Greenbelt East residents have college degrees (16.2% nationally), while 69.3% are high school graduates (66.5% nationally).

Farming is today, as it was in 1629, a vital element of the area's economy. Until recently, in fact, there were more cows than people living in Vermont. It should not come as a surprise, therefore, that only 59% of area residents live in urban areas, compared to 74% nationally.

Winters are harsh, with potholed, salted roads wearing out car bodies and suspension systems more rapidly than in other climes. Accordingly, winter products, such as chains and antifreeze/coolant, sell well in this area, as do body repair products and exhaust system components. ■

Of The People In Greenbelt East:



54.4% of individuals in Greenbelt who are responsible for vehicle maintenance and who do some sort of DIY work on that vehicle.

58.6% live in urban areas. (The national average is 73.7%.)

97.1% are White. (The national average is 83.4%.)

1.6% are Black. (The national average is 11.7%.)

1.3% are Hispanic. (The national average is 6.5%.)

61.7% drive alone to work each day. (The national average is 64.6%.)

69.3% are high school graduates. (The national average is 66.5%.)

17.6% are college graduates. (The national average is 16.2%.)

6.2% of the income made in the U.S. is earned here.

4.2% of the U.S. population over 18 years of age lives here.

THIS SPECIAL SECTION IS SPONSORED BY HAYDEN INC., CORONA, CA

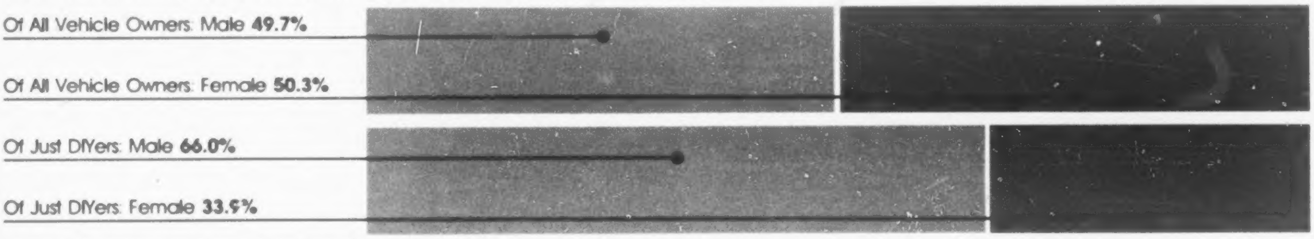
In all, 54.4% of those who live in Greenbelt East and are responsible for taking care of a motor vehicle do some of maintenance work themselves. Another 7.6% aren't actually responsible for maintaining a vehicle, yet also do-it-themselves.

A quarter of the Greenbelt East DIYers we talked with shop for automotive parts, chemicals, and accessories about once a month. Ten percent of them shop for these products monthly. Another 10% shop twice a year, obviously for seasonal maintenance efforts.

On the whole, Greenbelt East DIYers have maintained the same automotive DIY work level, or even increased the level of work they do, over the past five years. In all, 80% of them told us this was the case. Over a quarter of them expect the amount of automotive DIY work they do to increase in the future, as well.

GREENBELT EAST: SEX

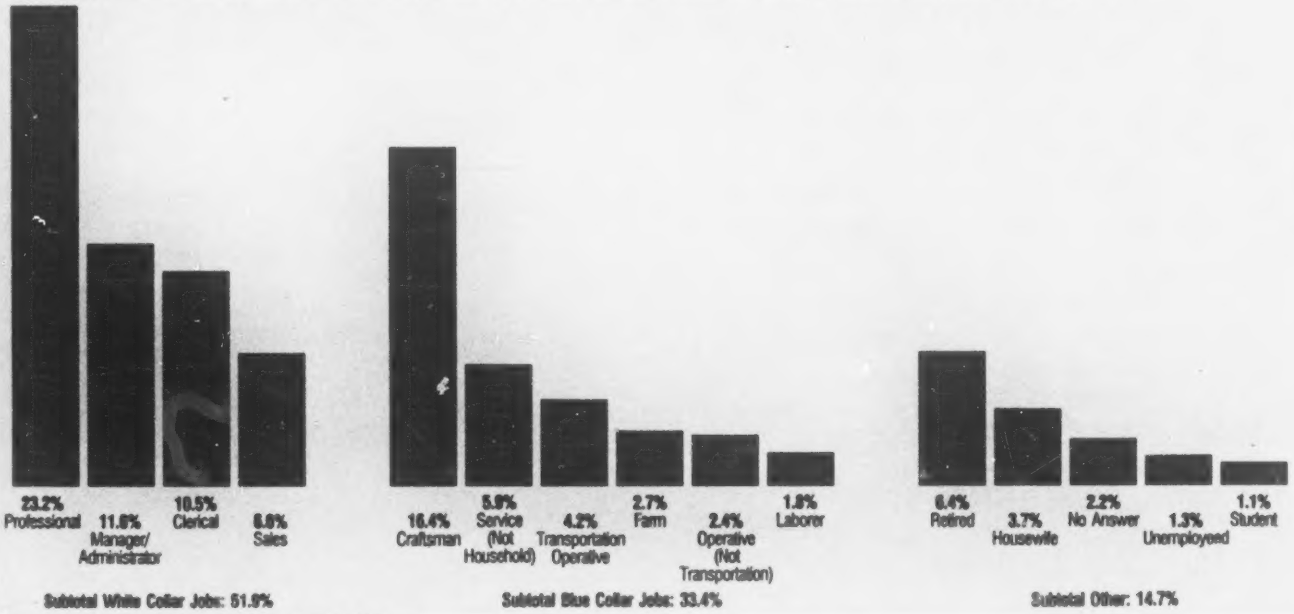
More women own vehicles, but more men do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

GREENBELT EAST: DIYERS & THEIR PROFESSIONS

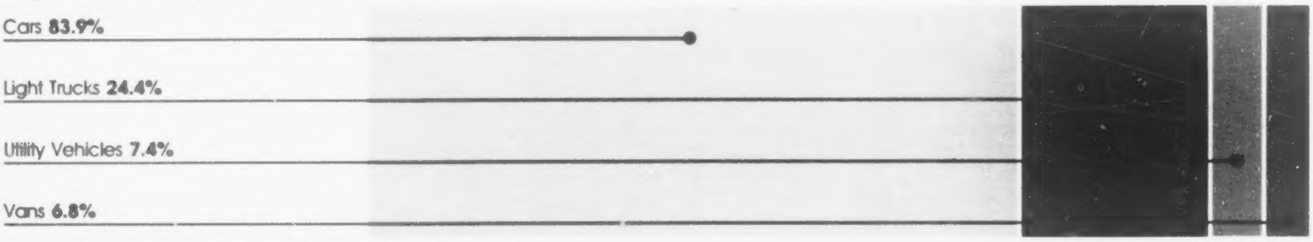
The "Massachusetts Miracle" has meant a change from high unemployment levels to growth in white collar jobs for this region.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

GREENBELT EAST: DIYER VEHICLE TYPES

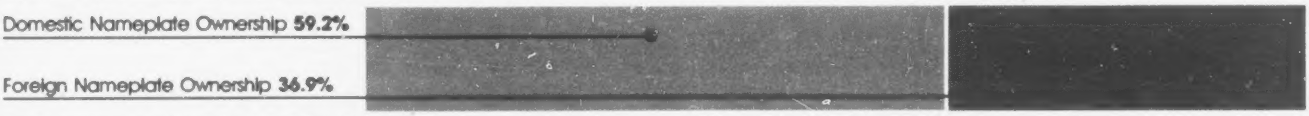
A light truck can be found in almost a quarter of the households in which a vehicle is owned and in which a DIYer lives.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

GREENBELT EAST: DIYERS & THE VEHICLES THEY OWN

Of Greenbelt East DIYers, more own a vehicle with a domestic nameplate than own a vehicle with a foreign nameplate.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

When asked why they increased their work, more than half (51%) said they had increased confidence in their DIY skills. Last year, in our *Consumer Automotive Repair Study (CARS)*, only 29% of all DIYers nationally gave this as a reason for increasing their DIY work.

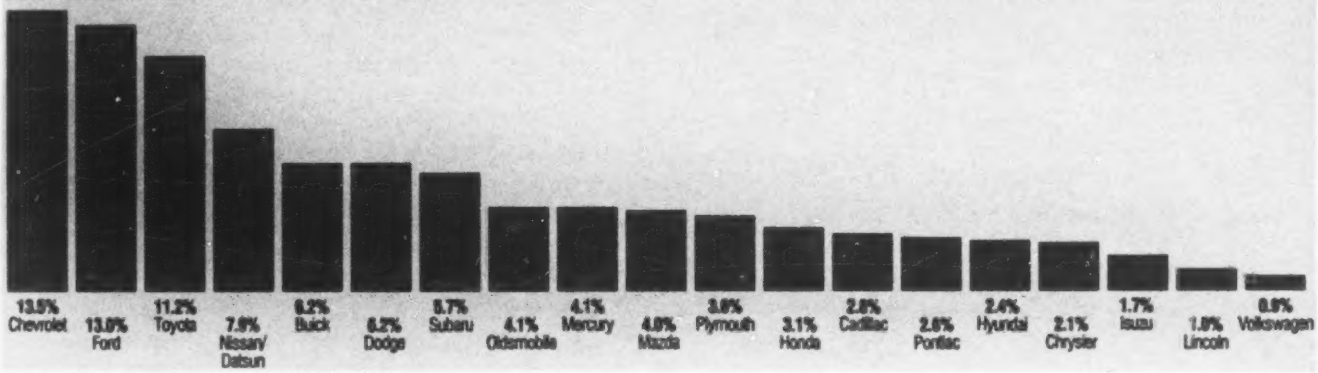
In all, 46% said they increased their DIY level because they enjoy it. However, only 15% said they enjoy doing automotive DIY work a lot and 35% enjoy it "somewhat." The rest enjoy it "not too much" (27%) or "not at all" (23%).

These latter figures may explain the fact that a significant 41% said their DIY work had increased because they had less money to spend on car maintenance.

What do they think they can do? The answer is not as much as the aftermarket retail industry would like. In all, 40% said they could do only "some" DIY jobs, while a significant 24% – almost a quarter – said they could do "almost no" automotive DIY jobs. ■

GREENBELT EAST: DIYERS & THEIR VEHICLES

Domestic vehicles are the most popular among DIYers, but imports are catching up. Here's a list of the most popular makes and the percentage of DIYers who own them.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

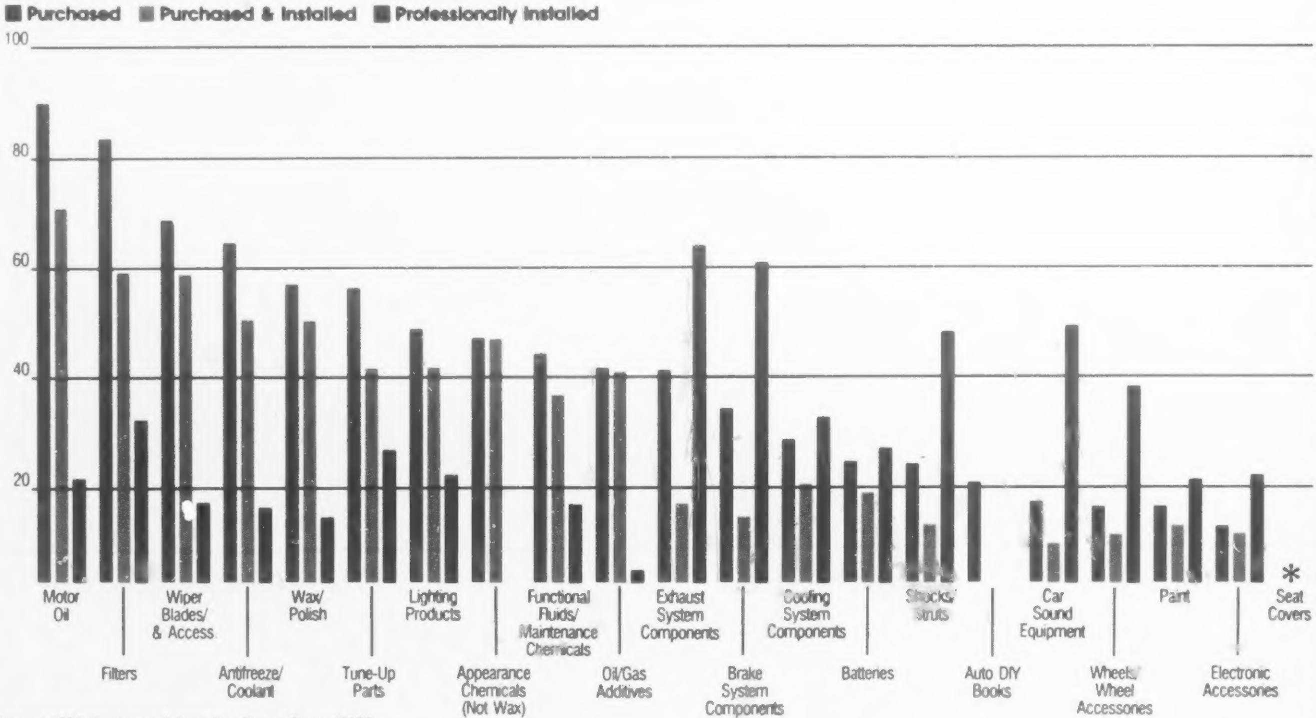
GREENBELT EAST: SHOPPING FREQUENCIES

Of Greenbelt East DIYers, at least a quarter of them shop for automotive products five or six times a year. Here are the three major shopping frequencies.

Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

GREENBELT EAST: DIYERS & AUTOMOTIVE PRODUCTS

The easier the product is to install, the more DIYers do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers
* Cell too small for accurate measurement

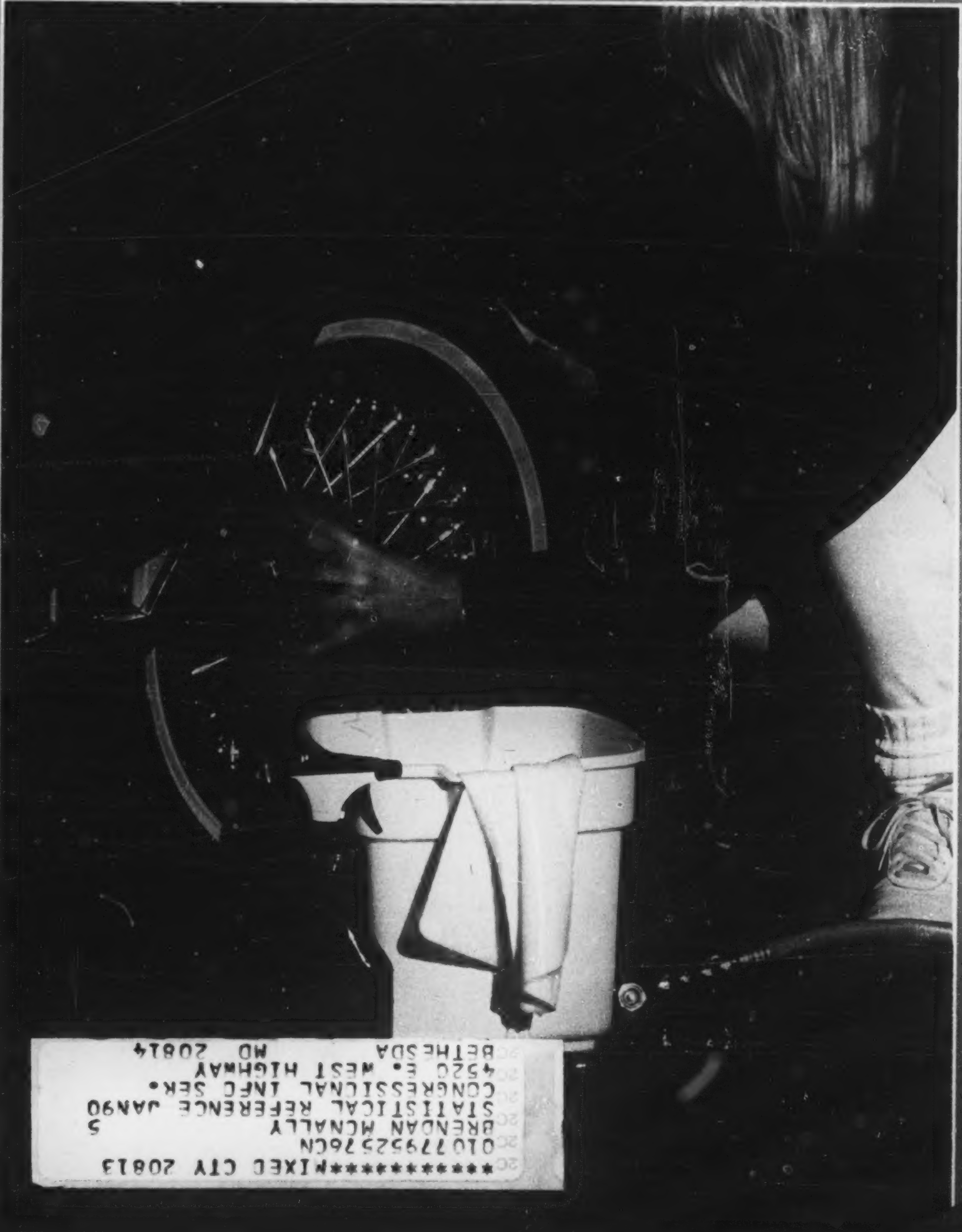
C7480-10
2/27/89

$3.50

Chilton's AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

FEBRUARY 1989



************MIXED CTY 20813
010779525 76CN
BRENDAN MCNALLY 5
STATISTICAL REFERENCE JAN90
CONGRESSIONAL INFO SER.
4520 E. WEST HIGHWAY
BETHESDA MD 20814

THE RITES OF SPRING:

How Retailers Can Take Advantage Of These Annual DIY Rituals

Service Bay Management: What You Should Be Telling Your Customers

Retail Management: How Companies Change Ownership

IASI (Big "I") Show Preview

Merchandise Ideabook

Chilton's
AUTOMOTIVE MARKETING
a Chilton publication
February Issue Volume 18, Number 2

EDITORIAL STAFF

Rosemarie Kitchin, Editor-in-Chief
(215) 964-4395
FAX (215) 964-4100

Gail Krueger-Nicholson,
Managing Editor

P.R.N. Katcher,
Research Editor

John Wirebach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Jim Naughton,
Director of Graphics

Janet Lee Taylor,
Art Director

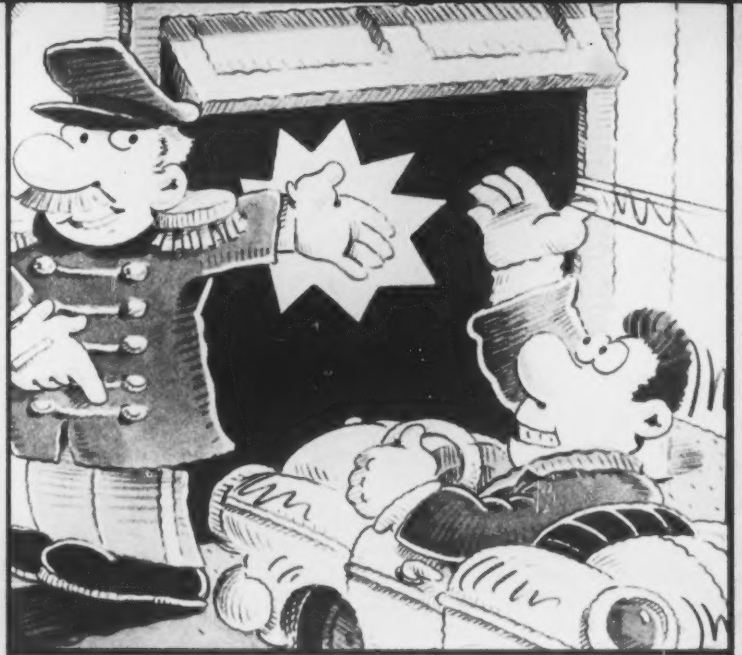
Sarah Frankson, Publisher
(312) 782-1400
FAX (312) 782-1400 ext. 207

Chilton

CHILTON COMPANY,
ONE OF THE **ABC PUBLISHING COMPANIES,**
A PART OF **CAPITAL CITIES/ABC, INC.**
Publishing President, Robert G. Burton
1330 Avenue Of The Americas
New York, NY 10019

Chilton Officers:
Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Publications, Douglas A. Robertson; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P. Kushnerick
Copyright 1989 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.



FEATURES

Spring/Summer Selling
Celebrate The Rites Of Spring 40
The products of the Spring/Summer selling season may be familiar, but they never cease to draw a crowd to your store. The annual Spring rite of fixing up the car brings the customers back again and again.

How Businesses Buy Other Businesses 50
Mergers, acquisitions, and LBOs are words that make headlines. Here's what those terms mean.

Serving Your Customers With More Than Just A Smile 54
Your service customers come to you with questions that have nothing to do with repair work. They are important questions for your business. Do you have the answers?

DEPARTMENTS

Detailing The Market 5
Editorial 17
Market Line 19
Merchandise Ideabook MB1
Retail Operations 60
Products 61
Rep Guide 65
Ad Index 68
Reader Service Card 69

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢).

PUBLISHER'S NOTES

MAKING THE SALES

A surprising number came up in Senior News & Feature Editor John Wirebach's year-end report on chains with 100-plus stores. Between June 1987, when we first published our *AM* list of the Top 100 Retailers, and December 31, 1988, the net gain among these 12 megachains is 974 stores. Read his story in Market Line to learn about how the larger are getting larger.

Every one of those stores, and stores in smaller chains, have large promotional budgets for the approaching Spring selling season. Editor-In-Chief Rosemarie Kitchin's story tells how retailers view this season when DIYers preform "Rites Of Spring" and for some specific information about certain, sure-to-be-hot products.

Customers seeking service from your bays are often confused, or disappointed, but not with the service to their vehicles get. Read Contributing Editor David Evans' piece for Service Bay Managers to find out why.

There's still a lot of ownership change activity in our industry. Our Touche Ross consultant, Craig H. Barker, tells us how these deals are done.

There's a lot to do to get ready for a profitable Spring, including reading about new products and programs in our Merchandise Ideabook. And, as always, let us hear from you! ■

Sarah Frankson
Publisher

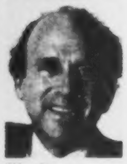
DETAILING THE MARKET

IN-STORE FOCUS

AutoZone
Headquarters: 3030 Poplar Ave., Memphis, TN 38111,
(901) 325-4600
Stores: 460
Total Corp. Sales: $440,000,000
Average SKUs: 9,000
Founded: 1979

Auto Zone
Super Store
AutoZone

Formanek


Hyde

Founded on the 4th of July in 1979, this phenomenally successful business has its own pledge of purpose. It's recited whenever there's a company meeting or a get-together. It's displayed in the offices, in the distribution centers and in the stores. It goes like this:

"AutoZoners always put customers first.
We know our parts and products.
Our stores look great.
We've got the best merchandise at the right price."

It doesn't sound all that unusual, but it's part of a merchandising philosophy that has allowed this chain to grow.

The lawsuit that resulted in the chain's name change from Auto Shack to AutoZone didn't even make a ripple in the stores' profits or image.

"We had outgrown the word 'Shack' anyway," president Peter Formanek said. "We are very happy with the change; our people are very enthusiastic about it." As proof of this attitude, chairman J.R. (Joe) Hyde III said, "Our people named themselves Auto Shackers. Now they just naturally did it again, now they call themselves AutoZoners. This came right from the people in the stores."

"Our name is the only change," Formanek said. "Customers will see no change whatever in our commitment to customer satisfaction, our high quality merchandise or our consistently low prices. And we are honoring our lifetime warranty on any parts purchased before our name change."

This is not just empty rhetoric. The company is single-minded in its commitment to success, and the bottom-line profits reflect this commitment.

"We are a company that is successful and intends to remain successful," Hyde said. "We are not cavalier about where we put our stores. Our business is geared primarily to the DIYer who works on his car. That is our major customer. So we try to locate our stores where it's convenient for that customer."

Stores are open seven days a week, but hours vary according to location. "There are stores that are open to midnight because the customers need us to be there," Hyde said.

AutoZone operates in 16 states: Alabama, Arizona, Arkansas, Florida, Georgia, Illinois, Kentucky, Louisiana, Mississippi, Missouri, New Mexico, North and South Carolina, Tennessee, Texas, and its newest market area, Oklahoma. There are four distribution centers, in Memphis, TN, Phoenix, Greenville, SC, and San Antonio, TX. In addition, there is an "Express Parts" distribution center in Memphis.

The Express Parts center operates on the "just-in-time" concept. Through this center, a store can get a part to a customer either in 48 hours or overnight. If the company's own fleet of trucks can't make the delivery that fast, air service is used. Stores are regularly stocked from the regular distribution centers. But, Hyde said, the Express Parts center is an extension of the stores' regular inventory so that a customer is always satisfied. It apparently works. AutoZone claims it had some 40,000,000 customers in 1987, and another50,000,000 in 1988.

The Express Parts Center also fulfills consumer phone orders from the Nashville Network's "Auto Specialty Magazine."

The typical Autozone store is 5,400 sq. ft. The smallest are 4,000 sq. ft.; the largest are 10,000 sq. ft. superstores. The company's current mix has about 40% superstores.

Layouts vary. Many of the stores are being remodeled to pull the hard parts counter toward the front. And, AutoZone is currently trying a split counter for its hard parts coverage in its superstores.

"It's more comfortable, easier and more interesting to service customers this way," one AutoZone store manager said.

"We feel that we are trend setters in our stores' looks, in their cleanliness, and orderliness," Formanek said. The stores are colorful, with graphics in black, red, and orange.

"We feel our stores are upbeat and extremely contemporary," Hyde said. "We changed the image of a parts store in 1979. We took it out of a parts alley and we dressed it up."

The product mix centers on the hard parts inventory; everything from engines to water pumps. There're also lots of pick-up truck accessories and a full line of chemicals and appearance and dress-up items. AutoZone carries a relatively stable mix of branded motor oil in its stores, but caters to specific regional preferences in some areas.

"We know what brands customers in certain areas tend to like and that's what we carry," Formanek said. "We concentrate on providing the favorite brands of the customers in any given particular area. One of our commitments is not to be undersold. We watch our competition to make sure our customers have the best price every day, not just sometimes."

Another customer draw is the firm's warranty policy on 42,000 parts. The Duralast private label generally carries a lifetime warranty. The Valucraft line carries a shorter warranty and a lower price point.

In February 1987, AutoZone became a separate entity from its parent and founding company, Malone & Hyde. And although the corporate structure is strong, store managers are given an "open door policy," and are free to speak their minds any time.

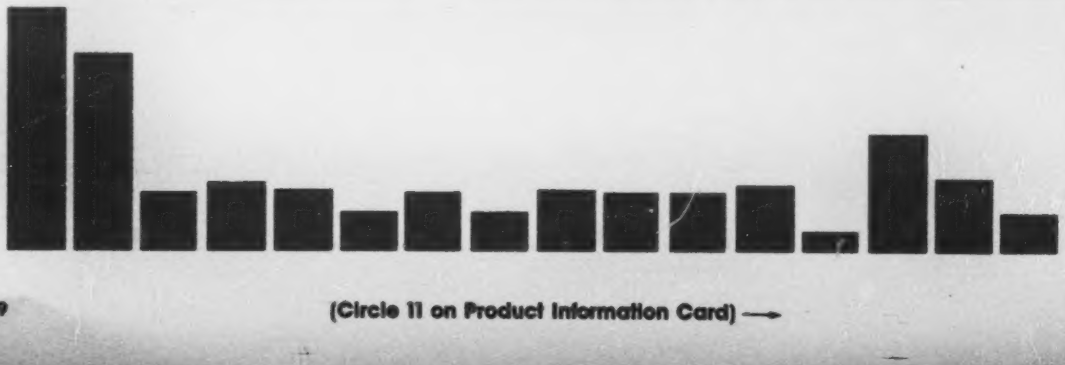
What's ahead for AutoZone? Here's how Formanek sees it:

"For us, 1989 is a milestone year," he said. "It's our tenth anniversary; stores will pass the 500 mark; sales will pass the half-billion dollar mark; and it's going to be an exciting year."

PROFILE: SPRAY PAINT

Drawing from the 1988 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed spray paint during the previous 12 months.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	80.8%	19.3%	27.9%	25.1%	13.7%	18.7%	13.9%	25.2%	20.1%	17.9%	26.7%	6.8%	48.0%	29.6%	14.8%



DETAIL

71%

of working Americans spend an average of more than one hour and 16 minutes commuting by car daily, acording to the Automotive Information Council.

(Circle 11 on Product Information Card) →

MARKET LINE

1988: List Of Megachains Grows, 974 New Stores Are Added

You might call 1988 a year when the big got bigger. Every one of the 12 auto parts chains we call megachains (chains with more than 100 stores) grew in size, either by swallowing up smaller chains, and/or opening new stores. Between June 1987, when we published our first list of the top 100 retailers, and December 1988, the 12 megachains added 974 stores.

Three megachains—Chief, Western Auto, and Grand—changed owners. Perry Drugs' Auto Works was absorbed by Northern Automotive. OTASCO went bankrupt. In addition, three of the oldest auto chains in the country, R&S Strauss (founded 1919), Guarantee (founded 1898), and Crown (founded 1962), were swallowed up by the megachains. Finally, a California performance chain—Super Shops—reached the 100-store level.

Here's a rundown on all the megachains in 1988:

Western Auto

Measured by number of outlets, Western Auto, Kansas City, is the largest retail chain in the country. It operates 438 company owned stores and supplies 1,526 associate stores from coast to coast. However, the heart of Western is the 300 company stores concentrated in the Midwest, 79 Tire America stores and 55 National Tire Warehouse (NTW) stores acquired in 1987, and four Tire America by Sears stores opened in 1988.

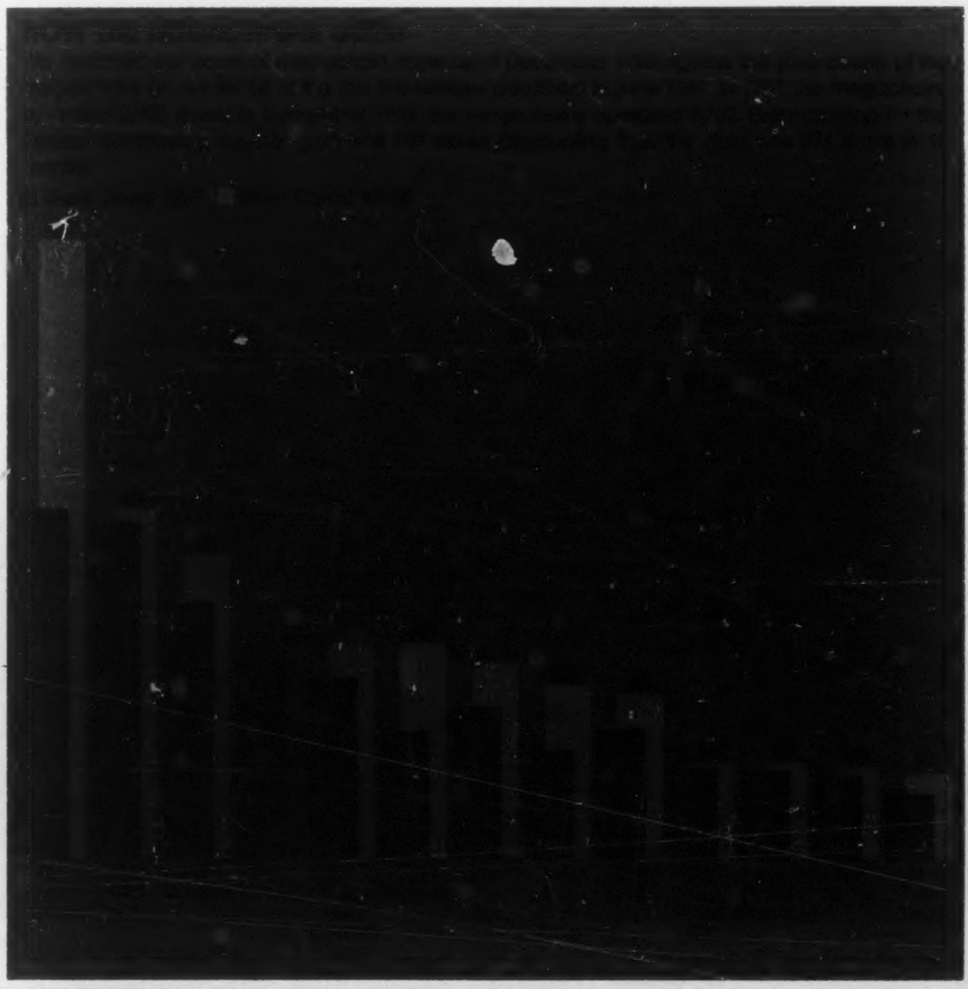
The 300 company stores did $380 million in 1987, more than wholesale sales to the 1,526 remaining associate stores (about $304 million). Western Auto's associate stores have declined from more than 4,500 in the late 1960s. The decline will continue as there are still a lot of Western Auto dealer stores the company would like to eliminate, as Western Auto people will admit off the record. Total Western sales in 1987 were $931 million.

The big news at Western, of course, was its purchase by Sears, Roebuck & Co., Chicago, in March, for $250 million and the assumption of $152 million in debts. We believe it's the largest sale in retail aftermarket history. The two operations will account for some $3 billion in automotive sales. Naturally, there's intense interest in how the two giants will handle the combined business. All sorts of rumors flew in 1988, and 1989 should provide some answers.

One step taken in 1988 separated the tire operations under president John Leach from Western Auto stores. This move has the independent tire people scared to death. As one told us, Sears and Western now account for 15% of total tire distribution, more than any other retail operation.

Besides being a big factor in the retail tire business, Western will gain at the retail parts and service end. Financial help from Sears will aid Western's drive for controlled distribution through its company stores.

With its combination of service, tire sales, and DIY sales, Western Auto is a company to watch carefully in 1989.



MARKET LINE

Northern Automotive

Northern Automotive (567 Checker/Schuck's/Kragen stores, 252 Auto Works stores, 57 Crown stores), Phoenix, AZ, is now the largest combination of stores owned by one company. Its stores cover virtually every metro market west of the Mississippi and around the Great Lakes.

Northern started the year with a flurry of Spring buys, scooping up the 252 Perry Auto Works stores, the eight U-Save stores, and the 57 Crown Auto stores for a little over $60 million.

Settling down to run the combined chain proved more difficult. There were rumors of huge past due accounts and vendor meetings to set payment schedules all year. But, by the end of 1988, Northern claimed to have its vendor payment problems under control.

However, president Dan Siewert quit abruptly in the Fall, and was replaced by John Lacey, a South African like owners Eddie and Julius Trump. Lacey had been operating parent company Northern Pacific's Canadian retail operations will sort out the good from the bad in 1989. As observers point out, both Crown and Auto Works were weak when they were acquired. We estimate combined sales are about $690 million.

The Pep Boys

For sheer productivity, no chain matches The Pep Boys-Manny, Moe, and Jack, Philadelphia. Although there are only 231 Pep Boy stores, the chain did $554 million in 1987 sales and 1988 sales should be about $660 million, close to $3 million a store.

Pep Boys shines with its highly profitable service operation which provides as much as 40-50% of Pep Boys sales. The chain added a vice president of service operations in 1988 to focus on the service operation.

The chain said sales in comparable stores were sluggish in 1988, with only about a 1-2% growth. But new store openings continued at a steady pace. Atlanta plus Austin and San Antonio, TX, were the newest markets expanded by Pep Boys in 1988.

The chain completed the addition of a new POS system during the year and added more branded products to its shelves. As a competitor said, "There's no secret to their success; these guys block and tackle better than anyone else."

Chief And AutoZone

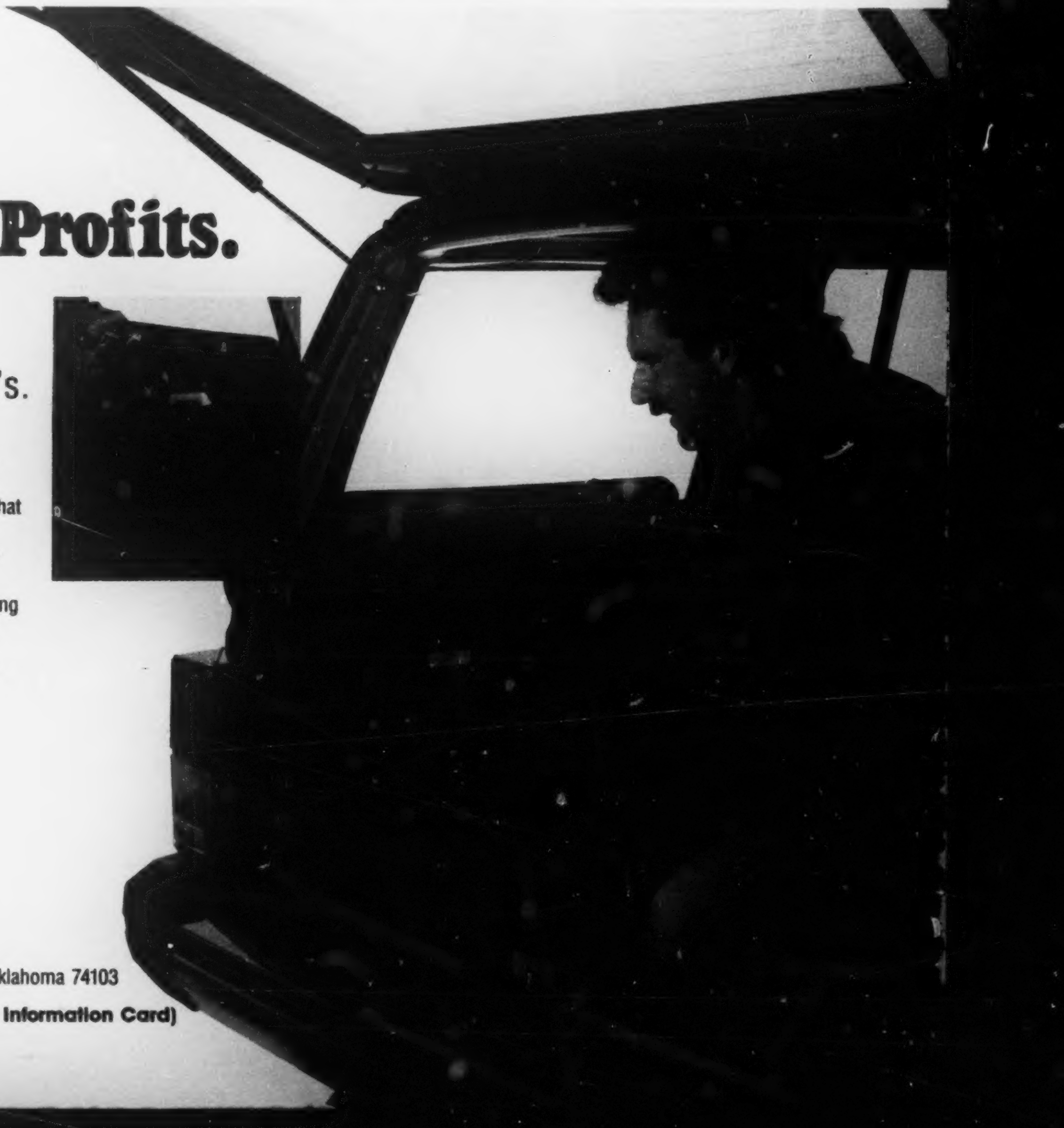
Just below these three giants are two chains that will probably cross the 500 store level in 1989.

Chief Auto (480 stores from California to Texas), Seagoville, TX, completed a $130 million leveraged buy-out from parent Southland in 1988. Reports say the Chief management owns just 14% of the new company, and a key question will be whether the management can pay down its debt quickly enough to satisfy New York financial partner Shearson Lehman Hutton.

The Chief stores were reportedly pursued by both Trak and Ward White; any slowdown in profits and debt service might lean Shearson Lehman Hutton toward a quick sale. We estimate sales at about $290 million.

AutoZone (466 stores), Memphis, TN, is a private company operating in the Sunbelt and Midwest. It is still rumored to be near going public. We'll welcome a prospectus.

AutoZone phased in a new name following the settlement of a suit by Tandy



Our Boxes, Your Profits.
Perfect Fit.

Lido custom-fit storage boxes for SUV's.

Lido's Side-liner™ storage boxes will fit only one way in your customer's Sport/Utility Vehicle... **perfectly**. That's because Lido Side-liners are the only custom-designed, custom-fitted storage boxes with complete coverage of the SUV market. Plus, it gives that 'O.E.-look' so important to SUV owners.

Just like our boxes, Lido's new sales programs are custom-fit for the SUV aftermarket. New W/D and retail programs, attention-getting P.O.P., workable terms, shipping policies and an advertising co-op program. So don't get boxed out. Box-up your profits with Lido Side-liner™ storage boxes and Lido Gate-liner™ tailgate protectors. Call **800-552-LIDO** for more information, or see us at **SEMA, Booth 1375**.

LIDO
INCORPORATED

4343 Industrial Center • San Antonio, Texas 78217-4812
Sales and Marketing Office • 9 E. 4th Street, Suite 303 • Tulsa, Oklahoma 74103

(Circle 13 on Product Information Card)

Co.'s Radio Shack. The chain also closed what should be a profitable TV deal with the Nashville Network. The chain will take orders and warehouse products displayed on the "Auto Specialty Magazine" show. We estimate AutoZone sales at about $420 million.

THE MEGACHAINS: 1988

The number of megachains remained at 12 in 1988 as Super Shops opened store 100 and CTASCO went bankrupt. However, if you include jobber operations, the Genuine Parts owned NAPA stores (550 stores), Steego (160 stores), Fisher Auto Parts (120 stores) and General Parts (more than 100) should all be added to the list. Because store counts vary almost daily among the largest chains, we called each chain at the end of December to get a December 31, 1988 count. The sales estimates are by *Automotive Marketing*.

Chain	Stores (12/31/88)	1988 Sales (Millions)
Northern Automotive	876	$690
Chief Auto	480	$290
AutoZone	460	$440
Western Auto (Company owned only)	300	$410
Nationwise	300	$290
Trak Auto	276	$240
Ward White Group	250	$245
Pep Boys	231	$660
PACCAR	136	$190
Champion Auto	138	$ 60
Advance Auto	135	$ 65
Super Shops	125	$130

Source: *Automotive Marketing*

Nationwise, Trak, And Ward White

A quiet Midwestern chain, Nationwise, Columbus, OH, bought the Guarantee, Indianapolis, IN, stores in January to bring its store count to about 300. The chain spent 1988 absorbing the Guarantee stores into the Nationwise business, especially the service bays, which were a first for the chain. We estimate Nationwise sales at about $290 million.

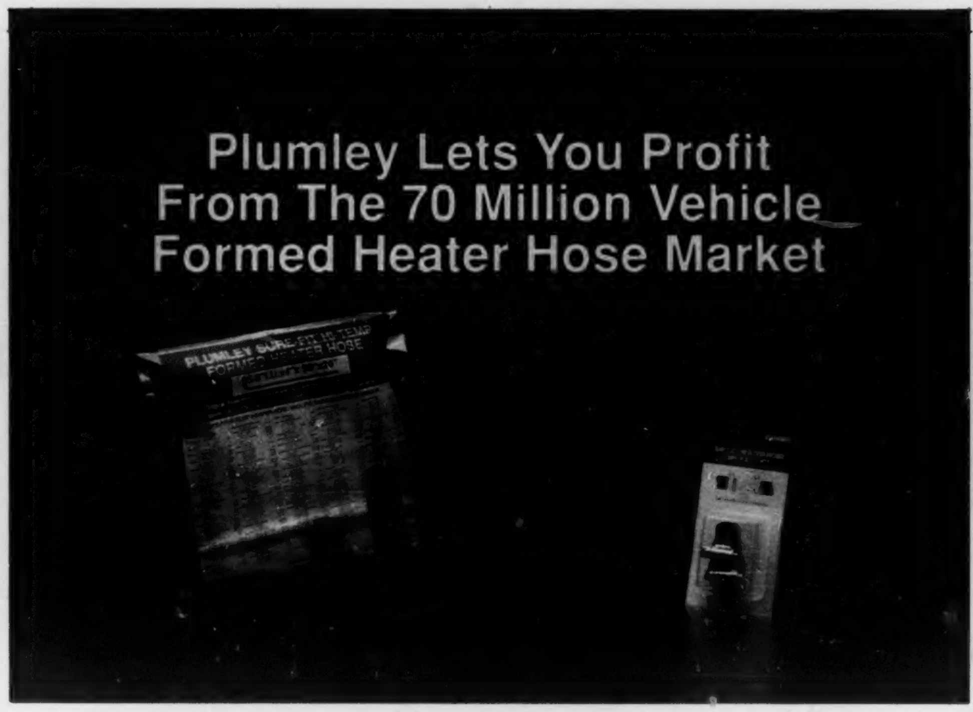
Trak Auto (276 stores), Landover, MD, may settle down to be more profitable. Trak told its vendors that profits were down mainly because it was spending capital to refurbish stores and convert its POS systems. Trak claims the Chicago and Los Angeles stores are at last breaking even, while the Washington-Richmond base is profitable.

However, long time president Ben Kovalsky abruptly announced his retirement in December, a move that surprised many. A search is on for an automotive-oriented replacement. The chain is also controlled by the Haft family (The Dart Group), who are not slow to buy and sell stores. Trak sales were $212 million in 1987, and we estimate 1988 will show about $240 million.

Another big gainer in 1988 was the British-owned Ward White Group, Atlanta, GA, (105 Whitlock stores, 74 Rose Auto, and 71 R&S/Strauss stores). Ward White acquired the highly profitable R&S/Strauss chain ($79.5 million sales/ $2.1 million profits) in September for $35.5 million. Combined Ward White/ R&S sales were $235 million in 1987.

Ward White does business as Giant Auto (Chicago), Motormart (New England), National Auto (upstate New York), Strum Auto and Whitlock (the Midwest), all operated out of Chicago. Rose Auto (Florida), Miami, FL, and R&S/Strauss (New York-New Jersey-PA), Union, NJ, are separate operating entities. R&S added the first service bays to the Ward White Group. Ward White will probably buy more chains in 1989; if you're watching for acquisitions, this chain is one to watch.

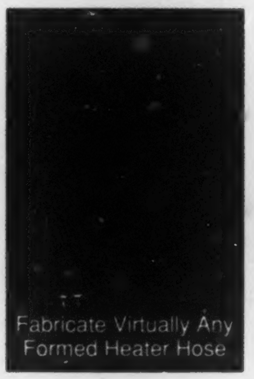
Plumley Lets You Profit From The 70 Million Vehicle Formed Heater Hose Market



With Only Seven Part Numbers!

There is a growing number of vehicles on the road that need formed heater hose for replacement. Plumley Sure-Fit™ is the answer. Sure-Fit™ lets you sell over 2,500 applications with only seven part numbers. Over 2,200 applications can be satisfied with four sizes of Sure-Fit™. Fabricate the other 300 by using Plumley Splice-It™ heater hose connectors. End inventory headaches!

You are known by the company you keep. And Plumley supplies quality products to GM, Ford, Chrysler, Nissan, Mazda, Honda, etc. Plumley is the only hose manufacturer to receive all of the top quality awards like Ford's Q1, GM's SPEAR 1 and Chrysler's Quality Excellence. Find out more about Plumley Sure-Fit™ from Plumley Companies, Consumer Products Division, 100 Plumley Drive, Paris, TN 38242 USA, (901) 642-5582, FAX (901) 642-5044.


Fabricate Virtually Any Formed Heater Hose

PC PLUMLEY COMPANIES

Buy The Best—Buy Plumley

(Circle 16 on Product Information Card)

MARKET LINE

After 70 years, the $300 million OTASCO, Tulsa, OK, chain filed for Chapter 11 bankruptcy in the Fall after failing to get merchandise credits for the Christmas season.

The chain began 1988 by selling off its wholesale division, Rapid Distribution, to CoastAmerica in an effort to keep afloat. During the year, the chain displayed excellent new prototype stores but could not afford to open more. A steady run of store closings followed. By the time of the bankruptcy, the chain was down to 170 stores. President Jerry Goodman, who led an management leveraged buy-out in 1984, said he hopes to reopen a much smaller OTASCO chain in the Spring.

At the lower end of our megachain list are four chains with varying potentials.

Grand Auto (107 stores mainly in California and Nevada), Oakland, CA, with sales of $172 million in 1987, became part of PACCAR's General Automotive Group, Bellevue, WA, in 1988. PACCAR also owns 29 Al's Auto stores in Washington. Although PACCAR says it plans more buys, it remains to be seen whether a heavy duty truck maker can successfully run an auto chain. We estimate combined sales at about $190 million.

Two chains that continue to grow are Champion Auto, New Hope, MN (136 stores, estimated sales: $60 million), and Advance Auto, Roanoke, VA (135 stores, estimated sales: $65 million).

Champion, under long-time president Bud Rose, is the nation's leading franchiser of auto stores throughout the Midwest. Advance has been opening a new store every two weeks in the Southeast. It plans to double in size by 1991. Advance opened a 185,000 sq. ft. warehouse in 1988 and, as a rep said, "That's a lot more space than you need for 135 stores."

Our newest megachain is Super Shops, Newport Beach, CA. It crossed the 100 store plateau in the Spring of 1988. The chain's success reflects the continous growth of the performance market since it is solely a performance specialist. Working off a deal with Kinney Shoes to take over as many as 100 Kinney locations, at year-end Super Shops operated 125 stores. We estimate sales at $130 million.

Hovering just under the 100 store level are five chains that may soon grow into megachains.

Sure bets for next time are the Ozark/O'Reilly chain (90 stores mainly in Kansas, Arkansas, and Missouri), Springfield, MO, which may make our 100 store cut in 1989, and Aid Auto (85 stores in New York and New Jersey), Inwood, NY, another franchise operation. Hi-Lo Consolidated (75 stores in Texas and Louisiana), Houston, has expanded under new owner Michael Young, who bought the chain in the Fall of 1987, but it suffers from the Texas oil slump.

Rite Aid's ADAP chain (75 New England stores), Avon, MA, had enjoyed eight straight profitable quarters and quick growth, but recently reported losses. ADAP has also lost key personnel. Among those "pursuing other interests" in 1988 were vice president of merchandise Floyd Percy, general manager Frank Corella, CEO Duane Ruble, CEO Roger Grass, vice president operations Don Hettrick, and vice president merchandise Larry Skolnick.

Current heads are general manager John Foster, a numbers cruncher, and director of store operations Don Bishop, both brought over from Rite Aid's drug business.

And finally, Action Auto (66 stores, mainly in Michigan), Flint, MI, has been growing by leaps and bounds with its combination of gasoline sales, service, and DIY sales. It went public in 1987. Modeled on Pep Boys, this is another chain to watch in 1989 ■

INTRODUCING A BANNER RETAIL PROGRAM FOR HEATER & AIR CONDITIONING PARTS

AUTOTEMP™

Finally! A retail line of quality heater and air conditioning parts that gives you what you need.
- Complete line coverage for domestic and imports
- UPC-coded packaging
- Eye-catching, retail packaging
- 95% order-fill
- OE look and fit for easy installation

Call (312) 677-4600 today for complete details. AutoTemp, 8324 N. Skokie Blvd., Skokie, IL 60077

INTRODUCING A BANNER RETAIL PROGRAM FOR POWER STEERING PARTS

AUTOPOWER™

At last! A retail line of quality power steering parts that gives you what you need.
- Complete line coverage for domestic and imports
- OE look and fit for easy installation
- Illustrated installation instructions
- 95% order-fill
- UPC-coded packaging
- Eye-catching, retail packaging

Call (312) 677-4600 today for complete details. AutoPower, 8324 N. Skokie Blvd., Skokie, IL 60077

(Circle 17 on Product Information Card)

profitable.

The Carquest program (2,300 independent jobbers), Tarrytown, NY, took a real shellacking in 1988. Cardis, its largest warehouse (sales about $240 million) went Chapter 11 in May, Kay Automotive (sales about $33 million) went out of business through bankruptcy in April, and in August, Carquest's New England warehouse, Parts Distributors, sold out to APS (however, Carquest quickly signed up Parts Wholesalers, Bangor, ME, a warehouse with 14 owned stores, to handle New England). In spite of its troubles, Carquest remains the most retail-oriented program.

General Parts, Raleigh, NC, the largest non-bankrupt Carquest warehouse, bought several small warehouses, now operates 100-plus stores, and is looking for more expansion in 1989. This is a warehouse to watch.

About the most successful programmed distributor warehouse in 1988 was British-owned Parts Industries, Memphis, TN, the largest Parts Plus Warehouse (sales about $600 million). Parts Industries acquired Mid-America in April with its Green Light program for $16 million. Parts Industries now owns more than 100 jobbers. It benefits from sales to Goodyear Tire stores (1,300 owned, 600 franchises) and a 1988 arrangement with Amoco oil to supply its Amoco Certicare service stations.

Finally, 1988 saw Jiffy Lube (sales of $78 million) open its 1,000th store, far out-distancing nearest rivals Quaker State Minit Lube (about 330 outlets) and Valvoline Instant Oil Change (about 180 outlets) in the quick lube market, and Japanese tire supplier Bridgestone buy the Firestone Tire & Rubber Co., Chicago (1,540 stores).

1988 was a busy year, 1989 could be busier. ■

There are a number of ways to determine if resources are used efficiently in the $88 billion automotive aftermarket. For instance, from 1980 to 1986, the total number of service outlets of all kinds declined by 15,000:

- 1980: 265,500
- 1986: 250,500

Service stations and general repair shops operated 73% or 191,400 of the total outlets in 1986.

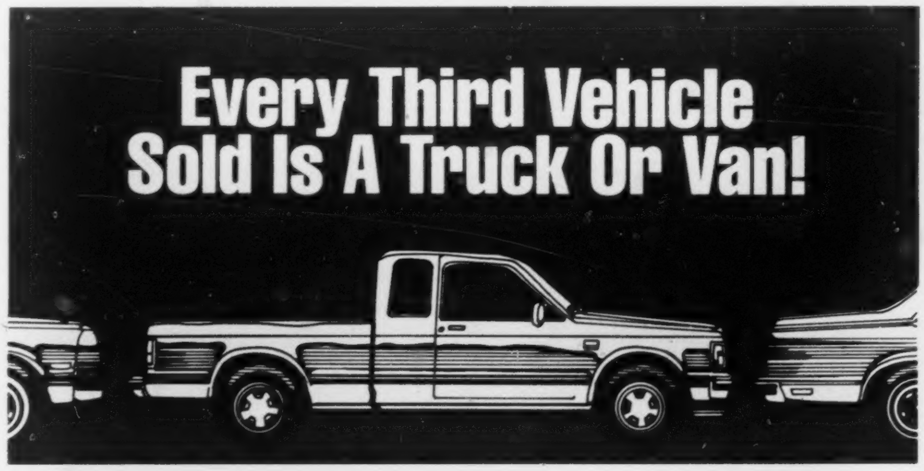
Number Of Service Bays

But during this six-year period, the distribution of service bays in these outlets changed. New car dealers and service stations decreased their total bays to 630,000. On the other hand, general and specialty repair businesses and auto parts stores increased their total number of bays to nearly 473,000, or 40% of all bays. *(Editor's note: which gives a grand total of 1,182,500 bays in the service market).*

SERVICE MARKET

NAPA Chief Outlines Future Service Market

Speaking to the Congress for Automotive Repair and Service Expo (CARS), held in Nashville, TN, last year, NAPA president Bob McKenna gave a succinct overview and forecast of the service market. Among other things, McKenna noted that total NAPA part numbers had grown by 30,000 in seven years to more than 125,000. Parts for imports now account for 20% of total part numbers. Here are some excerpts:



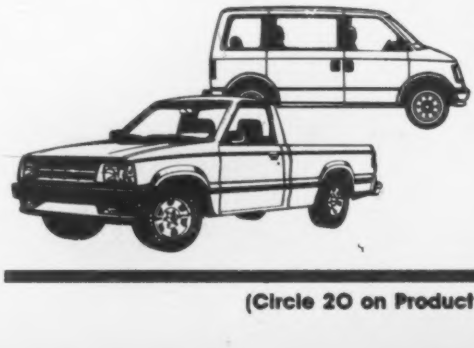
Sell The KYB® Truck And Van Series... Shocks Designed For This Specialized Market!

Profit from this growing market with **KYB**'s exclusive truck and van series ...a complete line of shocks specially engineered for U.S. and imported light trucks, vans, and 4x4s. **KYB**'s truck and van series gives your customers a top-quality product to install—backed by a limited lifetime warranty on all shocks...while you get and extensive advertising and promotional support!

KYB Gas-a-Just shocks are America's best-selling monotube gas shocks. They feature 280 p.s.i. gas pressure...higher than most other brands...to keep tires glued to the road, and a patented design that eliminates aeration and foaming problems that lead to performance fade.

KYB GR-2 gas shocks offer lower gas pressure and a two-tube design to smooth out road surfaces. They're priced for economy-minded customers...and priced for profits!

KYB
Gas-a-Just
SHOCK ABSORBER



Stock and sell profitable KYB shocks for trucks, vans, and 4x4's!

KYB®

KYB Corporation of America
901 Oak Creek Drive
Lombard, Illinois 60148
Dept. No. AM-289
© 1988 KYB CORPORATION OF AMERICA

(Circle 20 on Product Information Card)

VHT®

It's Magic!

Satin Black Hood Bumper & Trim Paint
Eliminates glare and sun reflections. Heavy-duty pigments assure a long-lasting, non-glare, textured finish. Excellent mar and scratch resistance. Anti-glare black only.

VHT
SATIN
BLACK
HOOD,
BUMPER
&
TRIM
PAINT
VHT
Wrinkle
Finish
DANGER
EXTREMELY
CONTENTS UNDER
VAPOR

Wrinkle Finish
Strong colors and rich textures combine for that extra touch of personal styling. Withstands fading, grease, engine cleaners and all weather conditions.

SPEREX/VHT CORP.
A PENTRON COMPANY
16131 SO. MAPLE AVE. GARDENA, CA. 90248
213/323-6162 • TELEX 194567 • FAX 213/532-4004

(Circle 21 on Product Information Card)

MARKET LINE

When you compare the market share held by each automotive service sector to the percentage of total bays and outlets, it reveals how effectively they are using their resources.

For example, new car dealers have 32% of the bays but only 20% of market share. General repair shops have 30% of the bays but only 13% of the market.

In contrast, service stations, specialty repair shops, tire stores, auto parts stores with bays, and discount/department stores leverage their physical facilities to get a greater share of the market.

How is this achieved?

By the use of more aggressive marketing; better promotions of their services, and greater consumer traffic due to location and appeal, which comes down to a perception of convenience and service.

Based on these findings, new car dealers and general repair shops have tremendous untapped potential if they become committed to consumers and convince them to have their cars serviced at their place of business.

COMPARING BAYS & MARKET SHARE

NAPA compared the market share held by each segment of the service market to the percentage of bays to determine how effectively the segment uses its resources. For example, auto parts stores own only 4% of total service bays yet account for a 7% market share of service business.

Segment	% Of Service Business	% Of Service Bays
Service Stations	32%	20%
New Car Dealers	20%	32%
General Repair Shops	13%	30%
Specialty Repair	11%	6%
Discount/ Department Stores	9%	3%
Tire Stores	8%	5%
Auto Chain Stores	7%	4%

Source: NAPA

Trends In Service

By 1990, a slight shift up in market share is forecast for general and specialty repair shops and new car dealers.

In the upcoming decade, some trends to note in service are:

- Decline of market share held by gas stations, although activity by major oil companies may reverse this decline.
- A leveling off of the downturn in new car dealers. With extended service contracts and the possibility of longer term warranties, new car dealers have an opportunity to gain ground.
- A growth in general and specialty repair shops. The franchise rage will continue, but will eventually slow. There can only be so many quick lube and tune-up shops.
- There is a revived interest by the tire companies, Sears, and Montgomery Wards to extend their service business—and they will be aggressive.

Since the repair industry is a huge but *low growth* market, it will be characterized by very tough competition. This is no business for the faint at heart. Those who succeed will be those who:

- Analyze the market and competitors. Be aware of and adapt to emerging trends.
- Develop and implement a marketing plan.
- Present a clean, well laid out facility. Consumers of the 1990s will not patronize a non-professional looking facility.
- Ensure training for employees and encourage ASE certification.
- Update service equipment.
- Sell and promote service. Capitalize on strengths.
- Develop a reliable parts partner.

The winners of the 1990s must think in terms of $1 million service facilities, up from the current $615,000 average. The increase requires more service equipment, better trained employees, and improved promotional support. ■

MARKET SHARE WINNERS & LOSERS

NAPA sees a slight gain for new car dealers and repair shops in the near future as their operators learn to leverage their service bays. Service stations will continue to decline as they lose business to specialty repair shops.

Segment	% Total Service Market 1990	% Total Service Market 1985	% Total Service Market 1978
Service Stations	28%	32%	40%
Repair Shops	24%	23%	18%
New Car Dealers	21%	20%	18%
Auto Stores/Discount Stores	17%	17%	15%
Tire Stores	10%	8%	9%

Source: NAPA

MARKET LINE

RESEARCH

Consumers Prefer Name Parts, Decide Own Service Needs

When it comes to taking care of their cars, one third of consumers prefer to replace an OE part with an aftermarket name brand part, about 60% decide on their service needs before seeing a mechanic, and most are more interested in service location convenience than extended warranty coverage, according to a survey completed by Tenneco Automotive, Lincolnshire, IL.

Preliminary results of the survey, based on interviews with more than 1,000 car owners of all ages all across the country, were announced in December by Win Hamilton, Tenneco Automotive vice president of marketing and planning.

What Car Owners Buy

When it comes to buying a replacement part, the Tenneco survey found that one out of three consumers preferred to replace the OE part that came on their vehicle with an aftermarket brand name part. Store brands rated second with a 28% to 30% preference level, and OE brands ranked third in preference with about one out of four consumers preferring those. Generic, or white box, parts are of interest to only one out of ten consumers, Hamilton reported.

Replacement part preferences do vary by what consumers drive and what type of part is needed, Hamilton said. Some 70% of domestic car owners consider a domestic replacement part to be very or extremely important to their car while only 43% of import owners felt an imported part was very or extremely important. The consumers interviewed did prefer OE parts for steering repairs but liked aftermarket brand names for brake, exhaust, and ride control repairs.

The car owners interviewed by Tenneco also had definite feelings about how long the durable replacement parts they buy should last, Hamilton said. The durable parts included in the survey were brakes, ride control, exhaust, starters, steering, and air conditioning.

Consumers expected brakes to last the least amount of time – three years, Hamilton said. Shocks, struts, and exhaust system parts (except catalytic converters) were expected to last four to five years. Starters, steering components, and cata-

KARGO KING

TOP QUALITY

TRUCK/VAN BED MATS

Matching
Tailgate Mats

PROFIT FROM THE ONLY TRUCK BED MATS AVAILABLE IN COLORS

Kargo King mats combine tough bed protection with cosmetic appeal. Coordinate the bed mat and tailgate mat with the truck. Available in red, blue, black, and brown.

PROFIT FROM THE MOST EXTENSIVE LINE OF FULLY CUSTOM-FIT BED MATS

Applications for almost all domestic and import trucks, vans, and sport utility vehicles. Absolutely no trimming necessary.

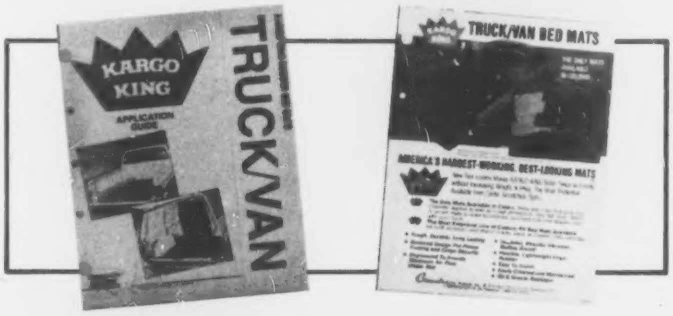
PROFIT FROM SATISFIED CUSTOMERS

Kargo King truck and van bed mats guarantee customer satisfaction. They give the most protection available from dents, scratches, spills.

- Raised Diamond design provides anti-skid surface
- Maximum airflow under mat reduces moisture
- Muffles sound, for quieter ride
- Virgin rubber combines flexibility with durability
- No-trim installation
- Easy to clean and maintain
- Oil and grease resistant
- Full replacement guarantee under normal use

SEND FOR FULL-COLOR LITERATURE AND APPLICATION GUIDE

or use TOLL-FREE number below



Crossville Rubber Products

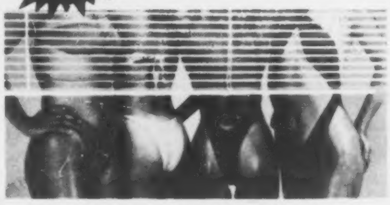
P.O. Box 729, Crossville, TN 38557
1-800-BED-MATT
(In TN 1-800-232-5464)

(Circle 22 on Product Information Card)

HOT SELLERS FROM

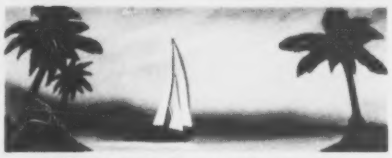
AUTO-SUN-SHADE™

NEW!


RPS19-1 or APS21-1 "4 Girls"

RPS19-2 or APS21-2 "Sailboat"

RPS19-3 or APS21-3 "Hang glider"


RPS17-5 "Tropical Scene"

RPS17-6 "Flamingos"

RS17 - "Retractable Shade"

SW-15 "Side Window Shade"

Call or write us now for our complete color catalog and pricing.

AUTO-SUN-SHADE™
869 W. 19th St.
Hialeah (Miami), FL 33010
Ph. # (305) 883-8700
Fax # (305) 883-4634

(Circle 23 on Product Information Card)

MARKET LINE

lytic converters were expected to last five to seven years.

On average, 40% of the vehicle owners interviewed expect to replace some durable part on their vehicle at between 40,000 and 80,000 miles, Hamilton said. Owners of light trucks expect a part failure at slightly higher mileage levels while import owners expect a failure at a slightly lower mileage level.

When Consumers Get Service

According to Hamilton, most repair decisions are not made at the suggestion of a mechanic. In fact, the Tenneco survey found that more than 60% of those interviewed decided that a major repair was needed before they consulted a mechanic. However, in 37% of cases, the vehicle owner had a part replaced because a mechanic said it needed to be fixed.

Mechanics have even less influence when it comes to routine or minor maintenance and repair items. Fewer than 15% of the consumers surveyed reporting that minor items were repaired at the suggestion of a mechanic.

While vehicle owners are taking a greater interest in repair decisions, according to Hamilton, the items that seemed to be of greatest interest to them were brakes, oil changes, and tune-ups. Some 36% of those interviewed said they thought the most important maintenance item was an oil change, while 31% said it was brakes.

And, for the most part, consumers follow the "if it ain't broke, don't fix it" theory when it comes to vehicle repairs. It takes no air conditioning on a hot day, no heat on a cold day, or a noisy exhaust system to get consumers to think about any-

FIVE-YEAR FORECAST FOR HARD PARTS SALES

According to estimates from the Aftermarket Forecast Committee of the Automotive Market Research Council, the U.S. aftermarket will experience an average annual real growth rate of 1.6% between 1987 and 1992. Based on that data, the aftermarket for 51 selected products stood at $39.1 billion retail in 1987. By 1992, this figure should rise to $42.2 billion as measures in 1987 retail dollars.

Sales of drive train parts are predicted to grow the fastest between 1987 and 1992 at 4.5% average annual real growth. CV-joint sales are expected to lead the increase at 15.9% per year. In contrast, fuel system parts are forecasted to show declining sales in real terms during the next five years. Sales of these products will fall by just under 1% per year as measured in 1987 retail dollars. Declining carburetor sales are expected to be the main reason for the drop off. Here's a look at some pf the parts and part systems involved.

Hard Parts	1987 Sales (In Millions Of 1987 Retail $)	Forecasted 1992 Sales (In Millions Of 1987 Retail $)	Average Annual Real Growth Rate 1987-1992
Drive Train Parts (axles, CV-joints, clutches & parts, transmissions, U-joints)	$4,426	$5,518	4.5%
Cooling System Parts (oil pumps, radiators, thermostats, new & reman. water pumps)	$1,247	1,457	3.2%
Brake System Parts (hardware, drums/rotors, friction material, hydraulic parts)	$2,446	$2,761	2.5%
Chassis Parts (exhaust system, shocks/struts, steering, suspension)	$3,941	$4,328	1.9%
Electrical System Parts (conventional ignition, electronic ignition, starters, alternators, generators, switches, wire & cable)	$3,067	$3,363	1.8%
Engine Hard Parts (camshafts, cylinder sleeves, engine bearings, piston rings, pistons, rocker arms, tappets, timing chains, valve guides, valves)	$1,069	$1,040	–0.6%
Fuel System Parts (new & reman. carburetors, emission control systems, fuel pumps)	$1,524	$1,475	[illegible]

Soucre: Automotive Market Research Council, Motor & Equipment Manufacturers Association thing more than routine maintenance, according to Hamilton.

Warranties do appeal to certain consumers, according to Hamilton. For example, import owners are more likely to purchase extended warranties, as are younger adults, and women. Consumer income does not appear to be a factor in the decision to purchase an extended warranty, Hamilton said. However, many of the car owners surveyed were more interested in repair location convenience than they were taking their vehicles back to dealers for extended warranty coverage, according to the Tenneco survey.

The Tenneco research showed that only 32% of vehicles under three-years-old and 11% of vehicles four to eight-years-old are covered under warranty. In fact, the average vehicle is either too old or has too many miles to be covered under original equipment warranties, according to Hamilton. ■

INFORMATION

Driving Costs Up

The average per mile cost of driving a passenger vehicle rose 0.1-cent, to 27.2-cents per mile, for the second quarter of 1988, according to the Automobile Association, Washington, DC.

The per mile cost combines operation and ownership costs. ■

RETAILING

Pep Boys' POS Leads Way To 21st Century

The Pep Boys, Manny, Moe and Jack, Philadelphia, report benefits by the score from its new electronic retailing system. The system positions Pep for greater growth into the next century.

Even though Pep is still installing the latest in technology in a new point-of-sale (POS) system that includes scanners to read bar codes, it already reports great savings in cashier training time, buying, on-floor labor time, stocking, pricing, and inventory control.

"It's definitely a time saver for the cashier," Paula Rodden, Pep Boys' director of store services, told attendees at the 1988 National Retail Merchants Association Retail Information System Conference, held in Washington, DC. "But it's also designed for the merchandising end."

The system produces a number of immediate benefits at all levels of the company's giant retail operation.

Keeping Store Control

The first benefit is at the store level. Pep Boys keeps its stores on a fairly tight leash. The system does not allow store-level personnel to change prices. It tracks store-to-store product transfers. "We can pinpoint which managers are closing their stores (rather than let other employees do the actual store closing), who needs training, who is not doing his job," Rodden said. Finally, she said, "Cash control in our stores has improved tremendously."

Pep Boys has found many benefits for its buyers, too. Previous day's sales figures are now on buyers' desks by 10 a.m. The system allows its users to pinpoint price overrides and order problems, as well as to compare sales trends. "Buyers can better analyze trends for buying and advertising," Rodden said.

In terms of specific, qualifiable benefits, Pep has found a 60% savings in labor because of price tag elimination. Cashier training has been cut 50%: the chain spends one hour "at the most" training new cashiers with the POS system, Rodden said. By using bar codes and scanners instead of price tags, the company now notes fewer than 2% pricing errors. And, Pep Boys now makes its 800 to 900 price changes weekly through the system with a great deal more accuracy and thoroughness than it could before the system was installed.

It Began In 1985

According to Rodden, Pep began studying POS in 1985, evaluating a pilot system in the first half of 1986. Pep Boys found that its particular needs were best met by using some software designed for

Touch 'n Charge™

with built-in valve that comes ready to use

Easy to use, replace lost refrigerant 12 in auto air conditioners, home window units, refrigeration equipment and RV units that require refrigerant 12, the safe and convenient way.

Sales Features of Touch 'N Charge™

- completely factory assembled and ready to use
- no tapping valve required
- can contains 14 ozs. of Refrigerant 12
- partially used cans can be reused months later; valve won't leak
- use on automobile air conditioning, window units, freezers, refrigerators and any equipment using R-12 refrigerant
- check valve in nozzle prevents back pressuring of can if incorrectly connected

FREE 4 color shelf talker included

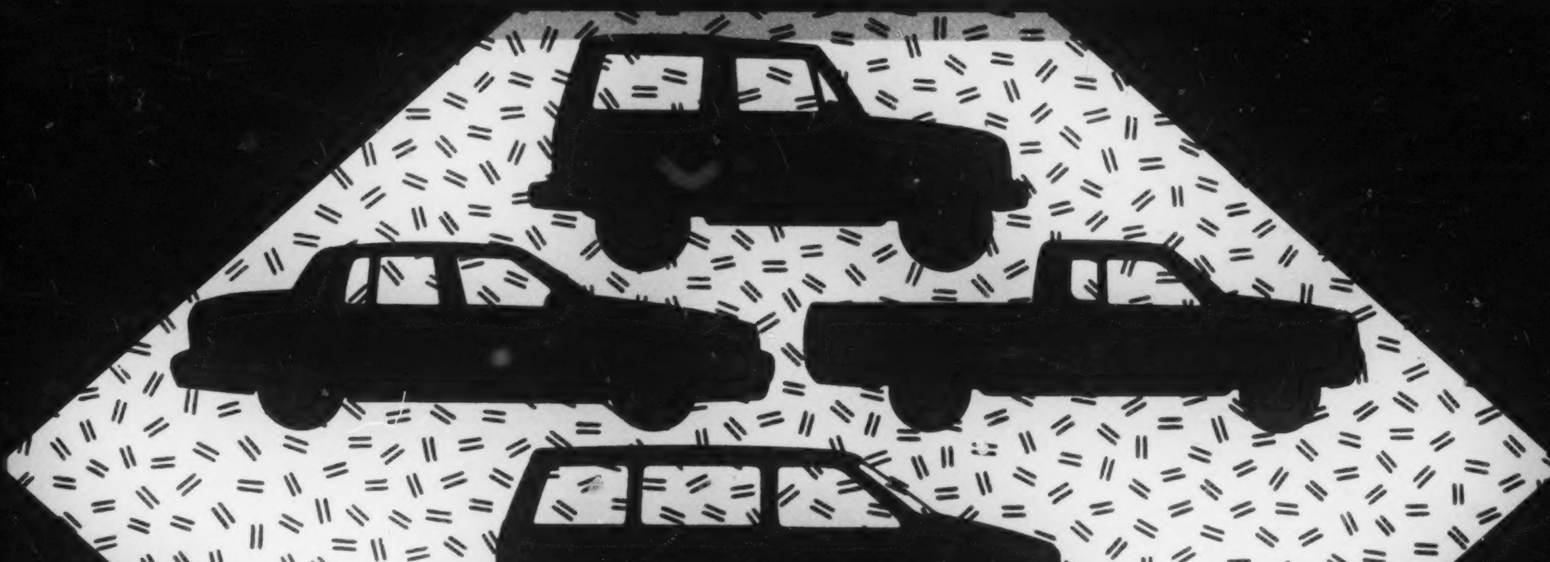
Convenience Products

Convenience Products, Inc.
4205 Forest Park Blvd.
St. Louis, MO. 63108-2692
(314) 535-6229

TWX: 910-761-2184
(Clay STL)
FAX: 314-535-3804
1-800-325-6180

(Circle 25 on Product Information Card)

Chilton's
AUTOMOTIVE MARKETING
The Marketing/Business Magazine For The Retail Aftermarket
MARCH 1989
$3.50



Automotive DIY is alive & well.
Here are the facts & figures
that prove it.

************MIXED CTY 20813
01077952576CN
BRENDAN MCNALLY 5
STATISTICAL REFERENCE FEB90
CONGRESSIONAL INFO SER.
4520 E. WEST HIGHWAY
BETHESDA MD 20814

Chilton's
AUTOMOTIVE MARKETING

a Chilton publication

March Issue/Volume 18, Number 3

EDITORIAL STAFF

Rosemarie Kitchin,
Associate Publisher/Editor-in-Chief
(215) 964-4395
FAX (215) 964-4100

Gail Krueger-Nicholson,
Managing Editor

P.R.N. Katcher,
Research Editor

John Wirebach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Jim Naughton,
Director of Graphics

Janet Lee Taylor,
Art Director

Sarah Frankson, Group Publisher
(312) 782-1400
FAX (312) 782-1400 ext. 207

CHILTON COMPANY,
ONE OF THE **ABC PUBLISHING COMPANIES,**
A PART OF **CAPITAL CITIES/ABC, INC.**
Publishing President, Robert G. Burton
1330 Avenue Of The Americas
New York, NY 10019

Chilton Officers:
Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Publications, Douglas A. Robertson; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P. Kushnerick

Copyright 1989 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.

FEATURES

The Consumer Automotive Repair Study 34

Automotive DIY is alive and well. Here're the facts and figures that prove it. And, we also present—by product category—more facts and figures about the DIYers who buy the products and the vehicles they buy them for.

Wax/Polish 40
Oil 42
Wipers/Wiper Blades 44
Additives 46
Tune-Up Products 48
Protectants 50
Paint 52
Lighting 54
Seat Covers 56
Ride Control 58
Automotive Books 60
Filters 62
Batteries 64
Functional Fluids/Maintenance Chemicals 66
Antifreeze/Coolant 68
Cooling System Parts 70

Linking Pay & Performance 72

Linking your store manager's paycheck to his performance is an ideal. But the practice is harder to achieve than the theory.

Do You & Your Customers Speak The Same Language? 76

Speaking jargon to your customers can be the kiss of death for sales. Here are five easy rules for better direct customer communication.

Get To Know Your Customers 81

In this fourth part of a series on the different types of people who shop in your store, we take a close look at the needs of your Black customers.

DEPARTMENTS

Detailing The Market 5
Editorial 14
Market Line 16
Retail Operations 79
Products 82
Rep Guide 89
Ad Index 92
Reader Service Card 93

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢).

PUBLISHER'S NOTES

MOVING UP

If you read magazine mastheads, you will notice subtle changes in ours; changes we are very proud of.

I'm pleased to announce our first masthead change. Rosemarie Kitchin has been promoted to Associate Publisher/Editor-in-Chief of *Automotive Marketing*. As such, she will assume business-oriented responsibilities for the magazine. And, importantly, she continues as *AM's* Editor-in-Chief, with full responsibility for our editorial content and direction. This is a most well-earned promotion for Rosemarie, who brings some 13 years of experience in the automotive business with her. Please join me in congratulating her!

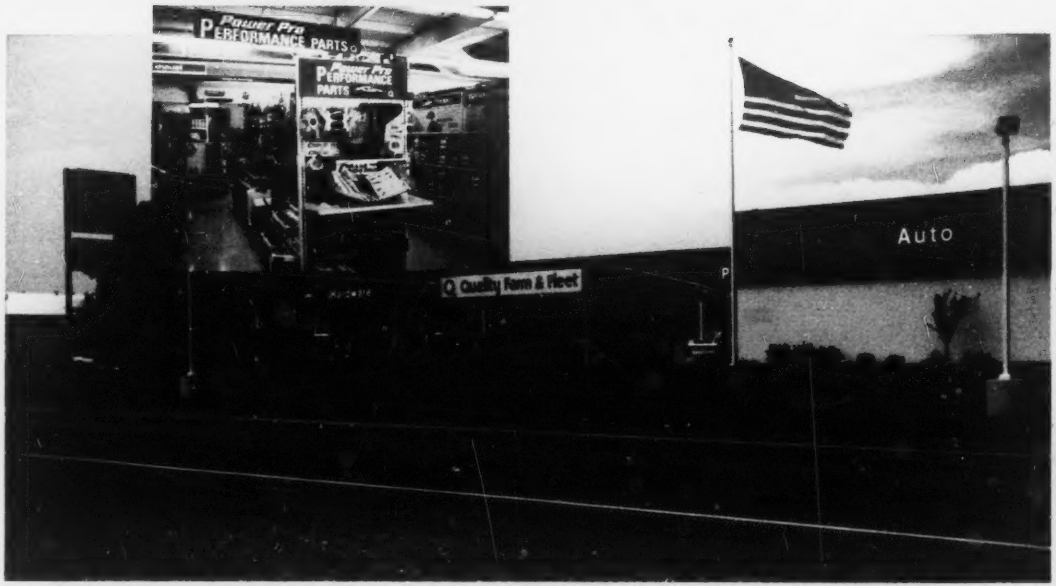
At the same time, I move up to Group Publisher and retain my role as Publisher of *AM*, for which I'm very pleased. In addition, I assume new responsibilities as Publisher of *McCall's Needlework*, one of ABC Publishing's consumer magazines. I'm excited about the challenges and opportunities ahead, and look forward to continuing to work closely with you.

Please know that Rosemarie and I both appreciate your interest in *Automotive Marketing*. You can count on our continuing support.

PS: I've avoided stating how many years of experience I bring with me . . . as it's more than I care to remember or admit!

Sarah J. Frankson
Group Publisher

DETAILING THE MARKET



IN-STORE FOCUS

QUALITY STORES INC.
Headquarters: 1460 Whitehall Rd., North Muskegon, MI 49445
(616) 744-2491
Stores: 51
Total Corp. Sales: $165,000,000
Average SKUs: 20,000 (approx. 9,000 auto)
Founded: 1962

This business, which was started to serve farmers, has evolved into a major retailer in the auto aftermarket. Serving Michigan, Indiana and Ohio, the chain operates 43 Quality Farm & Fleet stores, and 8 small, rural stores under the County Post logo.

Each store carries a mix of automotive, agricultural, hardware, home improvement, and lawn and garden. Stores range in size from 12,000-40,000 sq. ft., and the size of the auto departments varies. According to marketing manager Bob Hebeler, "In our average store, the auto department is about 7,000 sq. ft. The largest is 9,500 sq. ft., and the smallest 2,000 sq. ft. But whatever the size, the auto department equals 15-20% of the store space."

Tires are a big part of the chain's auto business. "We carry a good-better-best line of tires," said Hebeler. "We feel we have a very competitive opening price point that's competitive in the marketplace but of higher quality." The stores also carry a full selection of oils and chemicals. According to Hebeler, "Product dominance is the key in this kind of product."

The stores also carry tune-up items and a full line of brake parts, replacement water pumps, fuel pumps, alternators, belts and hoses. Tools are also available.

While the product mix is average for an aftermarket retailer, there isone difference. The stores carry a good-better-best mix with the emphasis on better-best. This is not a Wal-Mart type of discount store, and customers know it.

"Our customers are knowledgeable enough to know the difference between low price/low quality and high quality items," Hebeler said. "We have competitive pricing across the store, but across the board, no matter what the line, we're leaning toward the 'best' side of the scale." Most SKUs are supplied through the chain's 235,000 sq.ft. Findlay, OH, distribution center.

Parts counters are not part of the average Quality Stores auto department. Two of the stores do have parts counters, but, Hebeler said, "the most complicated DIY project we carry parts for is replacing the starter."

However, the stores are testing a new service: the installation of pick-up truck accessories such as hitches, running boards, and passthru windows. Like other areas, the upper Midwest is experiencing a boom in pick-up trucks—and consequently in pick-up truck accessories.

There are "functional service bays," in Hebeler's words, in 32 of the stores. They are equipped to mount tires; perform electronic spin balance; install batteries; do some oil and lube work; and some shock work. The stores that have bays usually have two.

Although the chain was started to service agricultural customers, and still does do a great deal of business with its farm customers, the bulk of its customers are DIYers. "Our target customer is male, 35-54 years old," Hebeler explained. "Right now our customer mix is about 70% male, but we feel the female shopper should be comfortable in our stores as well.

"One of our founding concepts is service," he continued. "We try to make our atmosphere very friendly. We do carry a male dominated product mix, but the females who do shop our stores are satisfied with the service."

Hebeler said that when it comes to customer service, the stores operate on a simple philosophy: CARE. That translates to Customers Always Require Excellence.

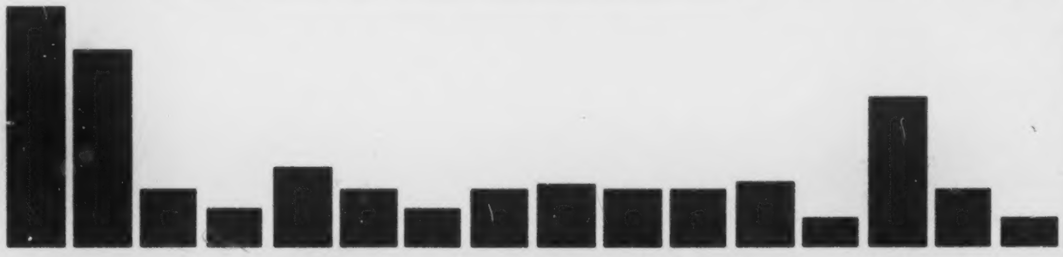
All of the stores feature a light muted checkerboard graphics decor with tile floors. Racetracks are used throughout the stores, but auto products are usually placed in the front, on the main traffic aisle. "Many of our top traffic draws come out of auto," Hebeler said. He citing antifreeze/coolant, running boards and batteries as strong traffic builders.

All marketing and merchandising strategies are conceived at the corporate level at Quality Stores. Each store, however, has an "automotive specialist" responsible for that department. There are three corporate buyers for automotive, and "managers can give input quarterly," Hebeler said. "They tell us what went right, what went wrong. We really depend on their input."

PROFILE: FILTERS

Drawing from the 1989 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed filters during the previous 12 months.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	81.7%	18.3%	14.9%	32.8%	22.8%	11.5%	17.8%	25.8%	24.3%	17.4%	27.1%	9.2%	62.0%	18.0%	10.6%



DETAIL

59%

of specialty equipment consumers would buy more specialty equipment products if they were available locally, according to the 1989 Specialty Equipment Markets Association (SEMA) Market Study.

MARKET LINE

QUALITY

Are Cars Getting Better, And If So, What Will Better Cars Mean?

As we enter the last year of the 1980s, it seems to us that the aftermarket has several major challenges to confront in the 1990s. For one, cars are becoming more complex, and many people say this will lead to less DIY work. Just a mention of this topic can keep any seminar going pro and con for hours.

Another challenge is that the parts needed to stock inventories for the cars on the road are increasing at perilous numbers. For example, NAPA president Bob McKenna noted that total NAPA part numbers had grown by 30,000 in seven years to more than 125,000. Parts for imports now account for 20% of total NAPA part numbers. For retailers bound to select only the fastest moving 10,000 or so numbers, managing inventories will be a real challenge as the newer cars move into the prime replacement years.

But, while serious, both of these challenges can be met with improvements in such areas as training and inventory management.

However, few people are discussing a problem that may demand a complete revision of how the aftermarket goes to market. Simply stated, the question is if new cars and components require less maintenance and repairs, then who will need parts and what is the aftermarket going to sell?

Old Cars Are A Bonanza

Right now, there are some 42 million cars on the road built before 1980, according to the Motor Vehicle Manufacturers Association (MVMA), Detroit. That's roughly 36% of the total cars on the road, the highest number of 10-years-old and older cars since the end of World War II. This fleet of senior citizen cars is a bonanza for the aftermarket. But slowly and surely, this huge fleet of cars is going to vanish and be replaced by the cars of the 1980s featuring all the technological advances of the 1980s.

Along with technological advances, the new fleet will contain a much higher proportion of imports, whether made in foriegn countries or in foreign plants in the U.S. In a study of demand by car brands, Hank Allessio of Easton Consultants, Hopkinton, MA, noted that while the three leading imports—Toyota, Honda, Nissan—make up 12.2% of total units in operation, the three make up 14.7% of units in operation in the prime aftermarket 4-10 years-old category. A method of stocking the correct mix of parts for imports is already the key inventory question at most aftermarket operations.

The Impact On Detroit

While imports were a major factor in parts proliferation for the aftermarket, at the OE level, the imports impact the way Detroit builds cars. In addition to being less expensive and more economical, the imports gained the perception of being better built. In virtually every survey, consumers said they bought imports because they offered the quality and reliability that domestics lacked.

In order to compete, domestic manufacturers had to reexamine how they built cars, and how much better they could build cars. As prices rose and consumers sought the best car, manufacturers talked

(Circle 13 on Product Information Card) →

about the 100,000 mile car. As a GM employee told us, "Manufacturers are pursuing driveability, reliability, and durability. We want to manufacture a long-term car that will go seven or eight years without major repairs. To do that, you have to make the engine better. People are not going to pay high prices for cars unless they're better cars."

At the OE level, the aim is quality. Some futurists even talk about a sealed hood, with holes for the various fluids that might need replacement.

There's already been much progress toward the maintenance-free car: batteries no longer need service, electronic ignitions eliminate the twice yearly tune-up, radial tires last longer than cord tires and some even seal punctures, platinum spark plugs can go 60,000 miles or more without replacement, and stainless steel exhaust systems can double the life of the exhaust system.

Then there are computerized controls that adjust the engine mixture of air and gas so that the engine stays efficient even as the spark plugs wear out, the air filter clogs, and the quality of gas varies.

To see the impact of just these changes, check with the spark plug manufacturers, the tire stores, and the exhaust manufacturers.

So we might ask, are new cars better? Is quality going up?

In this, the first article of the series, we tried to get a handle on whether new cars in 1989 were actually better than new cars built in, say, 1979. Future articles will deal with how the OE makers are moving toward the 100,000 mile car and whether it's a possibility, and retailers' reactions to better quality vehicles.

J.D Powers Reports

To be sure, quality is a difficult function to measure. One common measure is the *J.D. Power Reports* (JDPR), published by J.D Power & Associates, Agoura Hills, CA. The JDPR uses a sample of about 25,000 new car buyers, charting car owners' perception of vehicle repair and reliability and customer handling at the dealerships of 33 makes of cars after one year of ownership.

The 1988, JDPR found Honda and its sister make, Acura, at the top of the heap as far as vehicle repair and reliability. At the bottom are several European nameplates. The JDPR supports the belief that imports are better quality cars. Of 14 makes that are perceived as better than average in reliability, only two—Lincoln and Cadillac—are domestics. By contrast, all the popular Japanese makes—Toyota, Honda, Nissan, Mazda, etc.—are well above the average.

However, according to Powers director of publications David Whiteside, "The most significant finding is that the industry average is going up." The index for an industry average was set at 100 in 1986; in 1988, the index average has risen to 108. "And it's in vehicle repair and reliability where most gains have been made." And the gain in reliabiltiy has been strongest among domestic manufacturers.

"We've forecasted that essential parity will be attained among vehicle makers," Whiteside said. "Simply because of the pressure in the marketplace. Because the Japanese car makers are perceived to be higher quality carmakers. Whether that's true or not is irrelevant. As a consequence of the perception, the Japanese have increased their market share. The Detroit car makers are not stupid. Once they did understand the perception, they started to do things to improve fit, finish, and durability. Based on that, and knowing that the basic technology to improve quality is readily available, it's logical to assume that the index would begin to move in the direction of parity.

"Although there're still astounding disparities in the current JDR, even the last place car manufacturer's score has improved in the last two years. The gap between the highest and lowest makes is reduced. And when parity is closer, then how do you compete? It will relate to how customers are treated as far as sales and service at the dealerships."

More Reports On Quality

Turning the JDPR around, *Auto Age*, Van Nuys, CA, a trade magazine for new car dealers, published a survey of more than 700 new car dealers in its December 1988 issue and asked dealers, among other things, which make, other than their own dealership's, had the highest product quality. Once again, Honda won in a landslide, getting 26% of the total, along with Mercedes Benz. Also, the popular imports were well over the average, while only Ford and Lincoln-Mercury, among domestics, were above average in fit and finish rankings.

One weakness of such studies the JDPR is the fact that it's based on perceptions. Can we get a better handle on things like the actual amount of repairs needed by car makes? Perceptions are one thing, reality is another.

One example might be a report on consumer maintenance done by the Allied Af-

[illegible]

Auto Age magazine asked 700 dealers to rank franchises other than their own as to product quality. Over half, 52%, split evenly between [illegible] and [illegible] as having the highest product quality.

Car Make	% Ranking [illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]
[illegible]	[illegible]

Source: *Auto Age*, December, 1988

JD POWER TOP TEN

The 1988 J.D.Power Report (sample size: 25,000 vehicle owners) found that only one domestic car made its top ten list for repair and reliability. However, more significant was the fact that the industry average for reliability has moved up eight points in three years to an index of 108 as average.

Car Make	Repair/Reliability Index (108 = Industry Average)
Honda	132
Acura	131
Mercedes	123
Toyota	121
Mazda	121
Nissan	116
Suburu	115
Cadillac	114
BMW	114
Mitsubishi	114

Source: *The Power Report*, August,1988

UNANTICIPATED REPAIRS

An Allied Aftermarket Div. study done in 1988 asked 605 car owners whether they'd experienced an unanticipated repair during the past year. Over half the car owners had done so.

Owners Who	Domestic Owners (308)	Import Owners (297)
Had at least one unanticipated repair	57%	51%
Had one unanticipated repair	37%	32%
Had two unanticipated repairs	10%	10%
Had three or more unanticipated repairs	10%	9%

Source: *Imports, Domestics And The World Car*, a report by the Allied Aftermarket Div., 1988.

termarket Div.'s Research Div., E. Providence, RI. The Allied study asked about unanticipated repairs in the year before the study. The results? Among 297 import owners, 51% (or 151) had experienced an unanticipated repair; among 308 domestic owners, the result was 57% (or 176).

The report states: "Import vehicles had significantly fewer unanticipated repairs than domestics. This could be a result of newer import cars among the sample. However, quite surprisingly half of both domestic and import car owners experienced at least one unanticipated repair."

CANADIAN VEHICLE SURVEY SHOWS COSTS DECLINE

A Canadian survey of repair costs shows that repair costs have declined for Canadian motorists. During 1987, the average Canadian spent $607 to repair a five year-old domestic car; by comparision, during 1985 a five year-old domestic car cost, on the average, $840 to repair. That's $233 less, on the average. For Japanese cars, the gain for consumers was $171, from $682 during 1985 to $511 during 1987.

Make	Cost To Repair A 5-Yr. Old Car In 1985	Cost To Repair A 5-Yr. Old Car In 1987	Loss To Aftermarket
Honda	$680	$441	$239
Toyota	$511	$454	$ 57
Chrysler	$811	$554	$257
Mazda	$948	$581	$367
GM	$795	$583	$212
Ford	$858	$633	$225
Nissan	$802	$690	$112
All Japanese	**$682**	**$511**	**$171**
All Domestic	**$840**	**$607**	**$233**

Source: DesRosiers Automotive Research Inc., Toronto

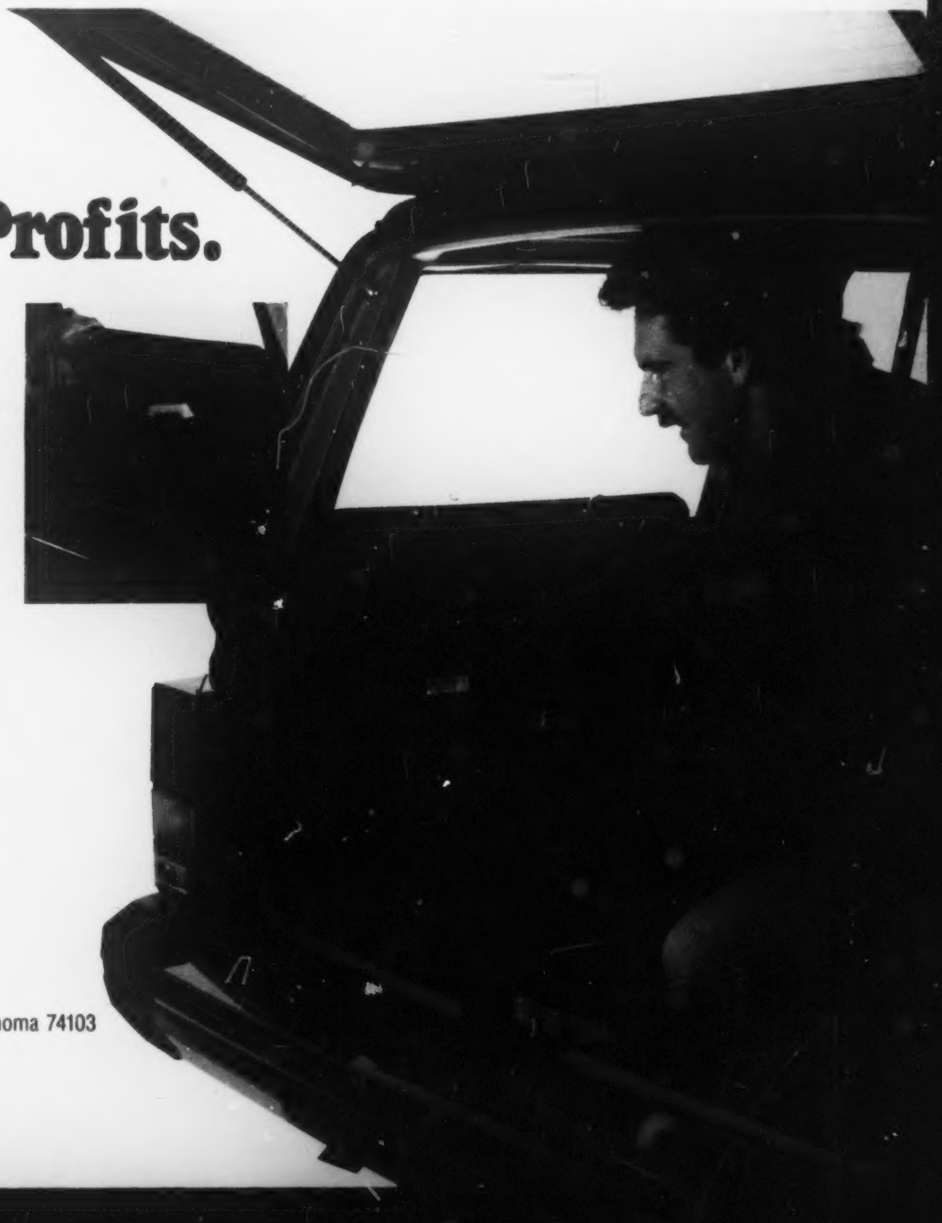
Moving on, we can examine the results from two major studies of repairs and reliability. Most importantly, as far as quality, both seem to indicate fewer repairs are needed on newer cars.

Canadian Survey Of Costs

The first is a study by DesRosiers Automotive Research Inc., Toronto, Canada, using data collected by the Canadian Automotive Association (CAA), the equivalent of the American Automobile Association.

For the past three years, the CAA has surveyed its members on the amount of money they had to spend to repair their cars over 12 months. While the data only covers three years, it indicates a trend toward less money spent on repairs.

For example, during 1987, CAA members spent an average of $607 to repair a five year-old domestic car; by comparision, a five year-old domestic car cost, on the average, $840 to repair during 1985. That's a gain of $233 for the average CAA member (or a loss to the aftermarket, depending upon your viewpoint). For Japanese cars, the gain was $171,



Our Boxes, Your Profits.
Perfect Fit.

Lido custom-fit storage boxes for SUV's.

Lido's Side-liner™ storage boxes will fit only one way in your customer's Sport/Utility Vehicle . . . **perfectly**. That's because Lido Side-liners are the only custom-designed, custom-fitted storage boxes with complete coverage of the SUV market. Plus, it gives that 'O.E.-look' so important to SUV owners.

Just like our boxes, Lido's new sales programs are custom-fit for the SUV aftermarket. New W/D and retail programs, attention-getting P.O.P., workable terms, shipping policies and an advertising co-op program. So don't get boxed out. Box-up your profits with Lido Side-liner™ storage boxes and Lido Gate-liner™ tailgate protectors. Call **800-552-LIDO** for more information.

LIDO
INCORPORATED

4343 Industrial Center • San Antonio, Texas 78217-4812
Sales and Marketing Office • 9 E. 4th Street, Suite 303 • Tulsa, Oklahoma 74103

(Circle 14 on Product Information Card)

from $682 during 1985 to $511 during 1987. The lowest average cost of any individual make, domestic or foreign, was Honda, at $441.

While it's too soon to make assumptions based on such limited data, it suggests there is a trend toward lower repair costs. Commenting on the survey, Dennis DesRosiers said, "We know there has been 3-5% inflation and higher prices. You would expect repair costs to go up. But they haven't. So the survey shows that quality is up. How can vehicle makers be offering long term warranties if repair costs go up? They must put together their warranties in conjunction with their engineers. They don't offer longer warranties out of good will, but to sell cars. Because they offer a warranty, they have to offer better quality. And that takes away from the aftermarket. That's reflected on our survey."

DesRosiers also noted that "new car dealers are beginning to realize that you make more money on history rather than on sales. By history, I mean financing, leasing, parts to go, service work, and used car lots. The aftermarket is often viewed as being stunningly complex. Actually, it's quite simple. If a car owner has a problem, he either brings it to the dealer or somewhere else. Now, we're seeing a fundamental change. Domestic dealers were lucky to pick up 10-15% of the repair work. But the Japanese were able to get 40-50%. The Japanese aftermarket is basically at the dealerships. Now the domestic manufacturers are recogonizing the value of history, they're out to push their market share to 30 or 40% like the Japanese."

DesRosiers noted that between warranties and aggressive dealerships, the independent aftermarket might have some stiff competition in the years ahead.

"Everytime a car owner chooses the dealership, our people in the aftermarket don't get his business. The big advantage for dealers isn't in warranty work, it's what you can sell in add-on work. For example, we're currently doing a study on the effect of long-term warranties based on 2,100 car owners. It's proprietary, so I can't give you much information, but here's something to think about. In Canada, 60% of people having warranty work done also had an add-on oil change done at the same time. It's pure gravy for the new car dealer. And that's just the most obvious add-on. I can see that in the future, aftermarket manufacturers will have to examine ways of getting their aftermarket products into the dealerships," he said.

While no association in the U.S. collects comparable data, there are the repair surveys done each year by the Consumers Union, Mt. Vernon, NY, which publishes *Consumer Reports* magazine (CR). CR collected 544,000 responses to its 1987 survey. The magazine prints a "Trouble Index" and a "Cost Index" for models going back to 1982.

Interestingly enough, Like the CAA study, the CR surveys also show a decline in average repair costs over the past three years.

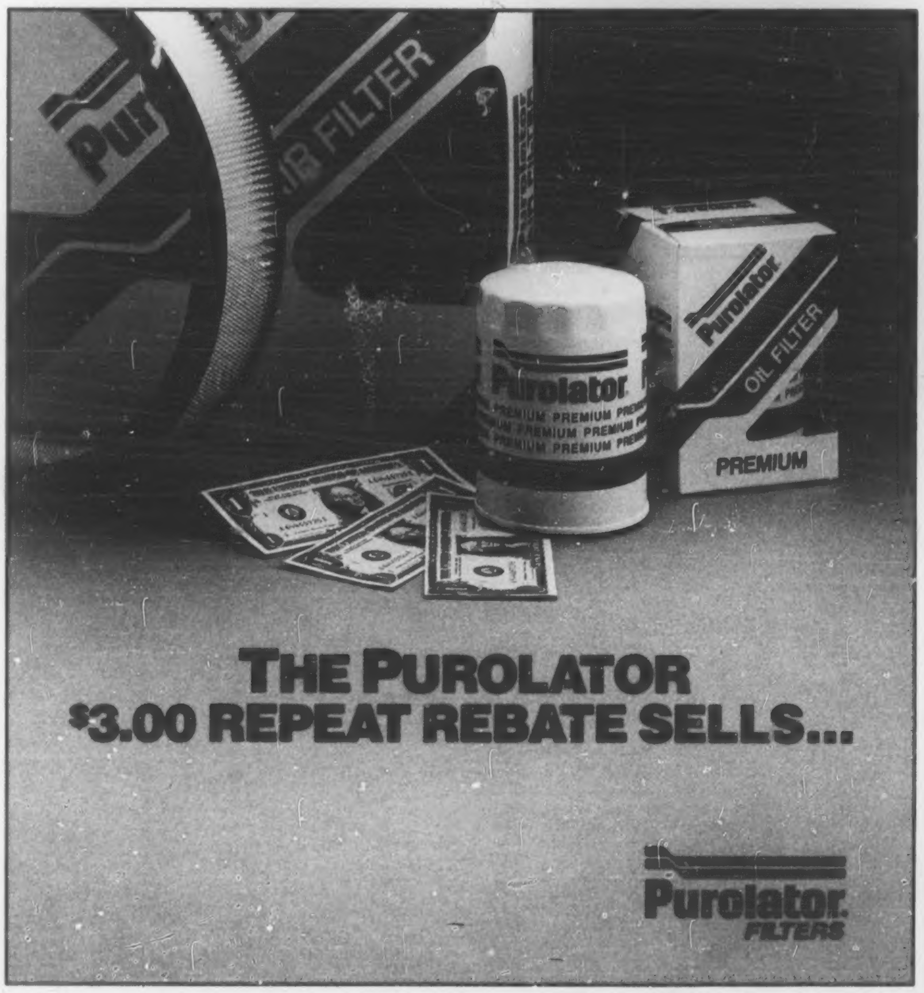
Once again, we see, that despite inflation (about 4-5% a year) and price increases, the average cost of repairing cars seems to have declined slightly.

The CR survey again supports the perception that imports are more reliable, and of higher quality than domestics. For example, the models with the highest ratings for 1987 are Toyota Camrys and Celicas, any Honda model, the Mazda 626, and the Chevrolet Nova, which of course, is made in California in conjunction with Toyota.

[illegible]

	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: DesRosiers Automotive Research Inc., Toronto



THE PUROLATOR
$3.00 REPEAT REBATE SELLS...

Purolator FILTERS

(Circle 15 on Product Information Card)

However, while domestic cars do poorly on the "Trouble Index," that is, they have more repairs than the average, domestic cars do very well on the cost index. For example, both the Chevrolet Chevette and Pontiac Grand Am, which get the lowest rating on the "Trouble Index," both get a better-than-average rating on the "Cost Index." On the other hand, Honda and Mazda models only receive average ratings on the "Cost Index." This seems to indicate that while imports have fewer problems, the cost to repair each problem is higher than domestics.

Bob Knoll, the head of the Consumer Union's auto test division, said the CR yearly repair records presents a "quite a good correlation between what cars show and what they are. What it really means is that 25-30% of a given model may be bad while for some, 98% may give no trouble. We've had a number of manufacturers look at our data and they don't refute it. They'd just rather we didn't tell it."

While 544,000 replies seems like an adequate sample, Knoll warned that "It's not a totally random sample. It tends to be an affluent sample, predominantly on the East and West Coast." We should note that while light trucks are well represented we missed, at random, Toyota Tercels and Corollas, which were not reported, a fact that backs up Knoll's assessment of the sample.

We asked Knoll whether cars seemed to have more quality today. "On an overall basis, yes. On the last six surveys, each year, the number of troubles per car has dropped slightly. Not a lot, but somewhat. There're several reasons for this. Cars, on the whole, are better built. A lot of the old troublesome cars are disappearing. And there're more Japanese cars than ever."

Knoll reports that, "American car makers have made some improvements. More domestics are at least average in number of repairs the first year out. Chrysler's the best, Ford is up, even some GM models are average. That means the average is getting better. The average moves every year, nobody's staying in place. As far as we can tell, quality is up."

Knoll's answer seems to say it all. For all we can tell, quality is up. Imported car makers cut a niche in the market by making better cars. As a result, domestic car makers responded by making better cars. The winner has been the consumer.

The question is: will the aftermarket be the loser?

Faced by better cars and more aggressive competition from the dealerships, what will happen to the aftermarket? After all, this is a low margin business. If sales drop even a few points and overhead costs remain the same, the result would be financial distress.

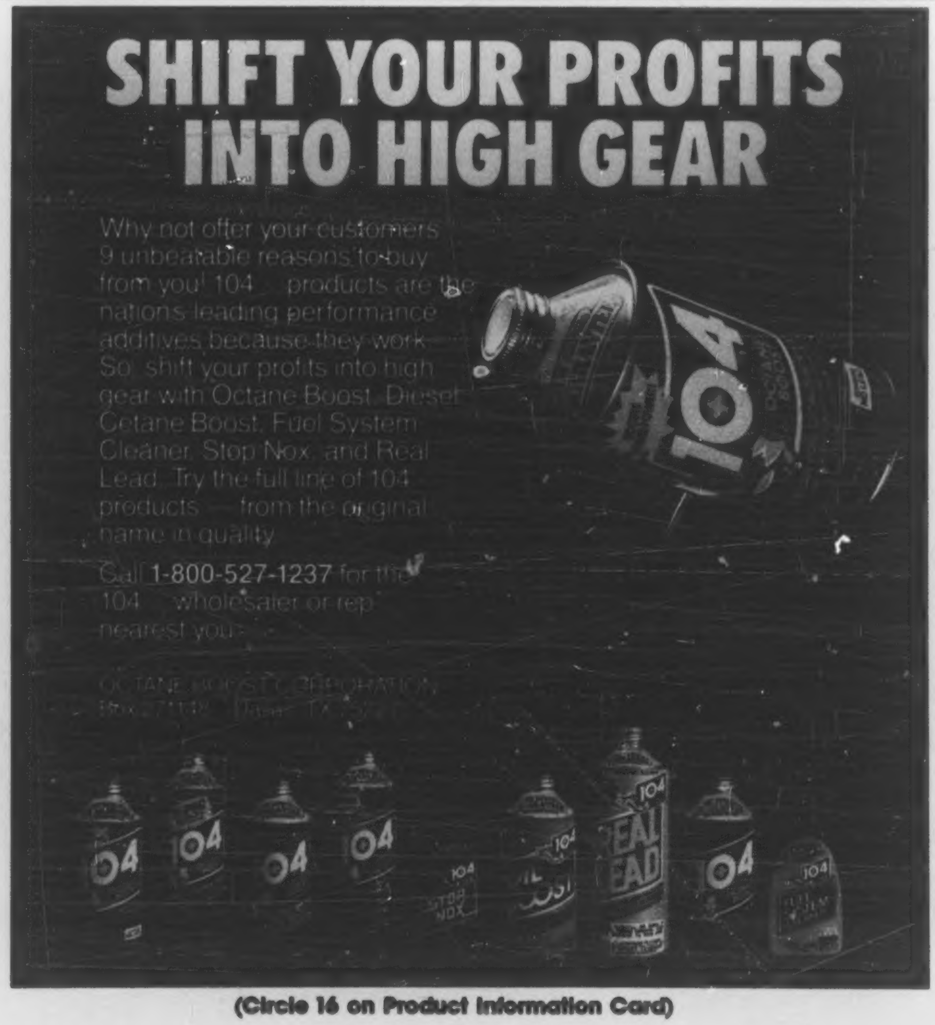
In an upcoming issue, we'll look at this question from first, the OE car maker's point of view, and then from several major aftermarketers. ■

CONSUMER REPORTS REPAIR COSTS

A continuing study of repair costs conducted among readers of *Consumer Reports* magazine suggests that repair costs are declining slightly in spite of inflation and rising repair shop prices. Between 1980 and 1986 the average cost of repairs rose gradually each year, but since 1986 costs have actually declined slightly. The sample size was 544,000 in 1988.

	Average Repair Costs By Age Of Car				
Year	2-Years	3-Years	4-Years	5-Years	6-Years
1984	$110	$210	$290	$330	$360
1985	$110	$210	$290	$360	$380
1986	$120	$220	$300	$380	$410
1987	$110	$210	$300	$380	$430
1988	$110	$200	$280	$360	$400

Source: *Consumer Reports* magazine



SHIFT YOUR PROFITS INTO HIGH GEAR

Why not offer your customers 9 unbeatable reasons to buy from you! 104 products are the nations leading performance additives because they work. So, shift your profits into high gear with Octane Boost, Diesel Cetane Boost, Fuel System Cleaner, Stop Nox, and Real Lead. Try the full line of 104 products — from the original name in quality.

Call 1-800-527-1237 for the 104 wholesaler or rep nearest you.

OCTANE BOOST CORPORATION
Box [illegible] Dallas, TX [illegible]

(Circle 16 on Product Information Card)

OTASCO Reopens 22; Finley Is New CEO

Tim Finley is a man who answers his own phone. He speaks quickly and directly. "I'm not a man who does things by persuasion. You have to make up your mind where you're going and then go. I have no time for memos; no time for meetings. I hold very few planning sessions. Do it. Execute. Keep moving ahead. Never look back. That's the way to operate."

Finley became the temporary (he hopes) president and CEO of OTASCO, Tulsa, OK, on January 19, with the approval of the bankrupt company's vendors, bankers, and the Bankruptcy Court for the Northern District of Oklahoma.

CONSUMER AUTOMOTIVE REPAIR STUDY

INTRODUCTION

Automotive DIY is alive and well. Here're the facts and figures that prove it.

by **P.R.N. Katcher,** Research Editor,
Gail Krueger-Nicholson, Managing Editor &
John Wirebach, Senior News & Features Editor

We're always amazed at the sheer volume of numbers in the literally hundreds of raw data tables that appear in our annual *Consumer Automotive Repair Study (CARS)* report.

The numbers are almost too much to get into text or charts so they can be easily understood and used. Yet, the data is vital for any retailer trying to reach the do-it-yourself (DIY) market.

This year, therefore, we're highlighting what the tables tell us, to let you draw your own conclusions about today's DIYer. As Joe Friday used to say, "Just the facts, ma'am, just the facts." Here, then, are the facts:

General Highlights

- In all, 57.7% of all household vehicle owners who are responsible for the maintenance and care of a vehicle do some sort DIY work. In addition, another 9% of people in a household with a vehicle also do some DIY work even though they are not actually responsible for the vehicle.
- Nationally, 63.4% of all DIYers spend between one and five hours monthly on automotive DIY work. Men and women DIYers are roughly equal in this area.
- As expected, DIYers with three or more vehicles spend more time doing automotive DIY work than those with fewer vehicles. Some 37.7% of those with three or more vehicles spend six or more hours per week on DIY work compared to only 18% of those with one or two vehicles.

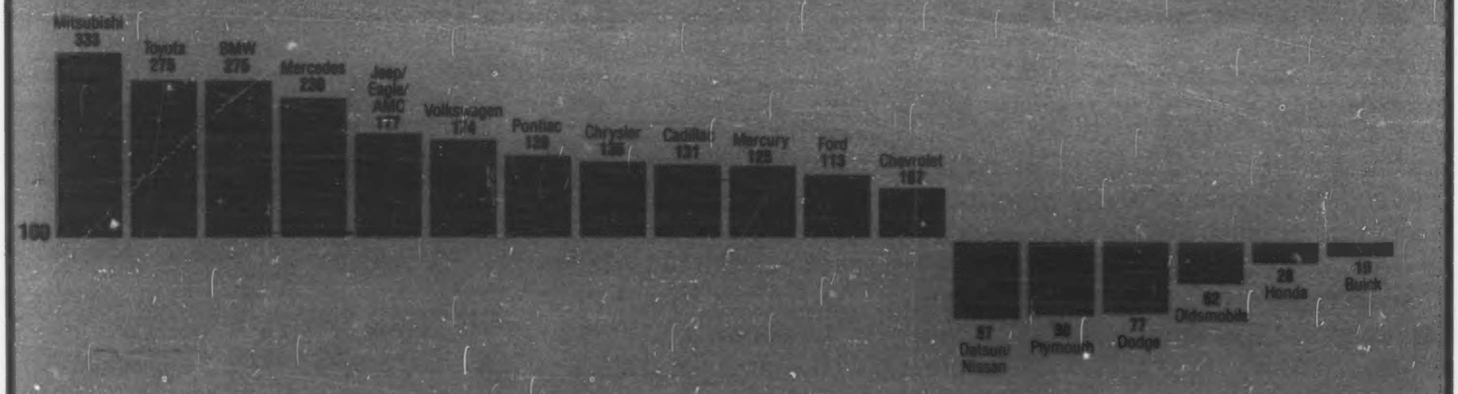
Asking For Help

We asked DIYers if they asked for help when picking out an automotive aftermarket hard part, accessory, or chemical product. Here're the highlights of what we found:

- The majority of DIYers, 76.2%, do not ask for help when they shop for automotive parts and accessories.
- Only 17.7% of male DIYers ask for help, while 35.4% of female DIYers want a help choosing a product.
- Younger DIYers also are more apt to seek professional help than older ones. Of those younger than 25-years-old, 37.9% asked for help, while among all DIYers over 25, only 20.6% asked for help.
- DIYers at all income levels are pretty much similar in terms of asking for help, with one interesting exception: 82.3% of DIYers with an annual household income of between $30,000 and $40,000 annually shop for themselves, compared to around 75% of all other

THE CARS SERIOUS DIYERS OWN

We asked all DIYers the name of the car that they maintain. Then, we compared the cars owned by serious DIYers—those who put in more than 11 hours each month on DIY work—to the cars owned by all DIYers. In this chart, "all DIYers" is expressed by the number 100 and what follows is an index of the cars most owned by serious DIYers.



* Groups of serious DIYers to small to count includes those owning Lincolns, Mazadas, and Porsches

CONSUMER AUTOMOTIVE REPAIR STUDY

INTRODUCTION

DIYers by income level who shop for themselves.

- As may be expected, the more hours DIYers spend on DIY work, the less they ask for help. In all, 81.5% of those who spend six or more hours a month on such work shop for themselves, compared to 69.5% of those who spend one hour or less a month.
- The more cars a DIYer maintains, the less apt is he to ask for help. Of those with three or more cars, 81.4% shop for themselves, while 69.9% of those with one car shop for themselves.
- Of those who have decreased their level of DIY involvement, 77.8% shopped for themselves, while 76.4% of those who have increased their DIY level involvement shopped for themselves – in other words, there is virtually no difference in these groups.

What They Can Do

We asked DIYers what sort of automotive DIY abilities they thought they had. Could they do anything, most jobs, some jobs, or almost no jobs? Here are the results:

- Almost half, 49.2%, of all DIYers put their abilities at only "some jobs."
- Women are less confident of their automotive DIY abilities than men. No women said they could do "any job" and only 11.4% felt they could do "most jobs." The majority of women, 55.3%, said they were able to do only "some jobs" and fully one third felt they could do "almost no jobs." Among men, on the other hand, 46.5% felt they could do "some jobs" and 32.6% could do "most jobs."
- There was virtually no difference by age or income in groups who put themselves into the different ability categories.
- As might be expected, 22.6% of those who spent more than 11 hours a month on DIY thought they could do anything on a car, while only 1.7% of those who spent less than one hour a month did the same. The more DIYers do, the more they think they can do.
- Only 2.6% of DIYers who maintain one vehicle thought they could do anything, while 16.5% of those with three or more vehicles felt that way.

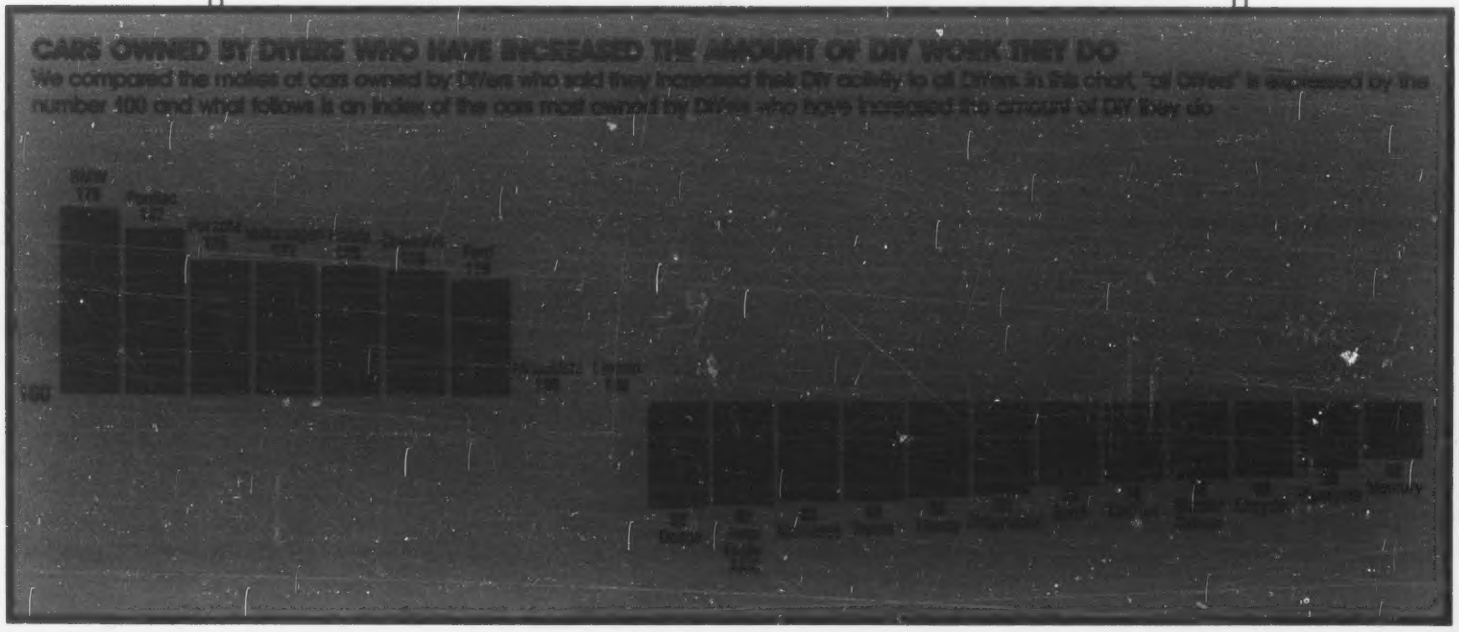
How Much They Like DIY

We asked automotive DIYers how much they enjoyed automotive DIY – a lot, somewhat, not too much, or not at all. Here's what they told us:

- "Somewhat" is what most, 40.3%, DIYers said, while another 24.5% said "not too much." Among those remaining, attitudes are polarized, with 24.5% enjoying DIY "not too much" and 14.5% "not at all." But, 20.7% enjoy it "a lot."
- Of women, 55.8% said "not too much" or "not at all."
- Of those 45 to 54-years-old, 43.6% said "somewhat," compared to only 33.2% of those who said "somewhat" who were less than 25-years-old. DIYers aged between 25 and 44 enjoyed DIY about in the same percentages as those who were 45 to 54. On the other hand, 28.7% of those under 25 said they liked it a lot, compared to only 20.1% of those in the 45-54 age bracket who said the same thing.
- It should be no surprise that 46.9% of those who spent 11 or more hours a month on DIY like it a lot, compared to only 11.1% of those who spend one or less hours a month on

CARS OWNED BY DIYERS WHO HAVE INCREASED THE AMOUNT OF DIY WORK THEY DO

We compared the makes of cars owned by DIYers who said they increased their DIY activity to all DIYers. In this chart, "all DIYers" is expressed by the number 100 and what follows is an index of the cars most owned by DIYers who have increased the amount of DIY they do



INTRODUCTION

it.

- The more vehicles a DIYer is responsbile for, the more he or she enjoys the work. Only 15% of those responsible for one vehicle like it "a lot," compared with 33.9% of those responsible for three or more vehicles.

DIY Involvement

We asked automotive DIYers if, over the past five years, the level of their involvement in automotive DIY has increased, decreased, or stayed the same. They told us:

- Almost half, 46.7%, are doing just as much now as they did five years ago, no more, no less. On top of that, 33.4% have actually increased the amount of DIY work they do.
- Among women DIYers, 43% are doing more now than they did five years ago, compared to only 29.2% of all male DIYers.
- Of those making more than $40,000 annually, 30.8% are doing less DIY work than they did five years ago, while only 15.2% of those making less than $20,000 annually are doing less DIY.
- Among those who put in one or fewer hours monthly on DIY, 64% haven't changed the level of their DIY involvement. However, only 19.6% of those who put in 11 or more hours monthly haven't changed – 67.4% of this group has increased their DIY level.

Vehicles They Maintain

This year, we concentrated on the vehicles DIYers maintain. According to what they said:

- In all, 94.2% of DIYers maintain a car. This general percentage, give or take a few points, was true for all specific demographic types questioned.
- Among all DIYers, 31.1% maintained a light truck. Of all male DIYers, 38.7% maintained a light truck, while only 13.6% of women DIYers were light truck maintainers. Of those DIYers maintaining three or more vehicles, 64.3% maintained a light truck.
- Of all DIYers, 9.3% were responsible for a van's maintenance. The largest single group of DIYers who maintained vans were those with three or more vehicles: 25.1% of them maintained a van.
- Among DIYers, 4.4% were responsible for maintaining a utility vehicle. The largest groups of utility vehicle maintainers were aged 45-54, 9.9%, making more than $30,000 annually, 15.5%, and owning three or more vehicles, 13.8%.

Detailed Vehicle Data

We asked specifics about the vehicles DIYers maintain. DIYers told us:

- General Motors' cars were owned by 44.8% of all DIYers.
- Ford Motor Co. cars were owned by 20.3% of all DIYers.
- Chrysler (including Jeep/Eagle/AMC) cars were owned by 13.1% of all DIYers.
- Toyotas were owned by 5.1% of all DIYers.
- Nissans/Datsuns were owned by 3.9% of all DIYers.
- Higher priced European cars, including Mercedes, Audis, Porches, Volvos, and BMWs,

WHAT DIYERS BUY AND INSTALL

INTRODUCTION

were owned by 3% of all DIYers

- In all, 51% of all cars DIYers maintain are 1982 or pre-1982 model years. Interestingly, according to the Motor Vehicle Manufacturers Association (MVMA), 61.8% of all cars registered are 1982 or pre-1982 models.
- In all, 11.3% of all cars DIYers maintain were 1970 or pre-1970 model years—largely hobby cars. Indeed, 0.2% of these cars were made prior to 1910. MVMA figures indicate that 7.3% of all registered cars were 1970 or pre-1970 models. ■

STUDY METHODOLOGY

This year marks the sixth consecutive year *Automotive Marketing* has produced its benchmark *Consumer Automotive Repair Study (CARS).*

This year we wanted to look not only at the do-it-yourselfer (DIYer), but the vehicles DIYers maintain.

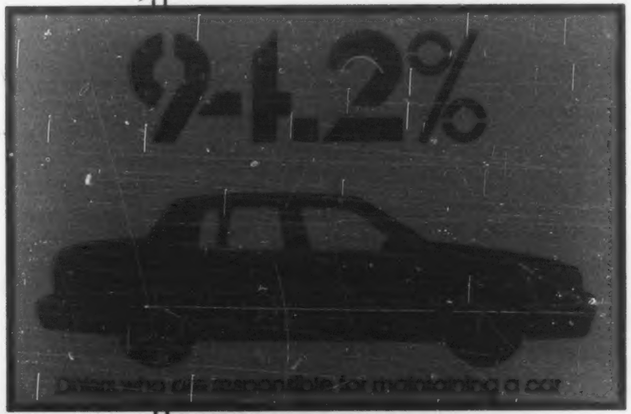
To do this, we retained the services of Chilton Research Co., one of the country's leading market research firms. The researchers called 1,410 households across the country, asking each respondent if anyone in the household owned one or more vehicles. In all, vehicles were owned in 1,228 households.

Then researchers asked if the person on the phone was responsible for the maintenance of any of the vehicles or did any maintenance or repair work on any of these vehicles. The repair or maintenance work could be as major as replacing a transmission or as minor as waxing and polishing the vehicle. If the person reached on the phone did not qualify both as a vehicle maintainer and DIYer, the interview was ended.

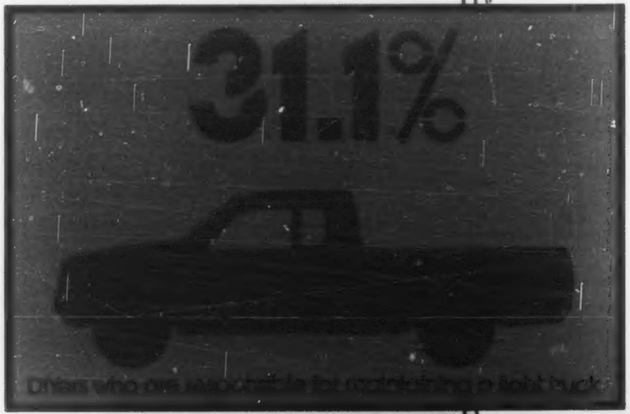
Those who said they did this sort of work were then asked to participate in the *CARS* study. In all, 707 individuals, DIYers according to our definition of the term, cooperated with Chilton Research. These individuals were also given a list of automotive products. If they both purchased and installed any products, they were asked a set of questions about their buying habits for those products.

The answers that the interviewers got were "top-of-mind" answers. Many questions were open-ended, meaning that interviewers did not provide a list of possible answers for a respondent to select from. Instead, the interviewers took down the respondent's first response. Market research professionals feel that lists of suggested answers tend to prejudice the responses.

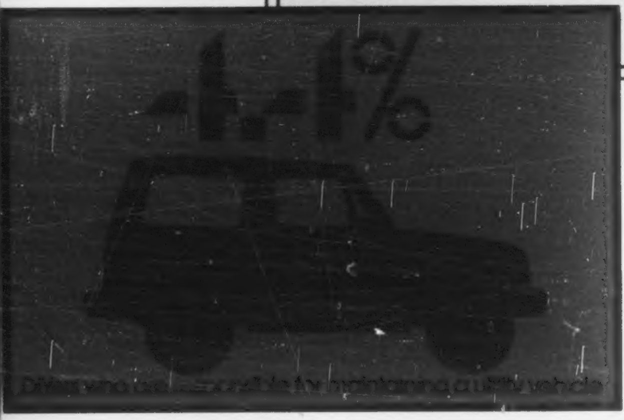
For the same reason, the interviewers did not "probe." That is, they did not ask, "Is there anything else?" after they received an answer. The result of this is that the answers reflect the respondents' automatic and first choice answers.



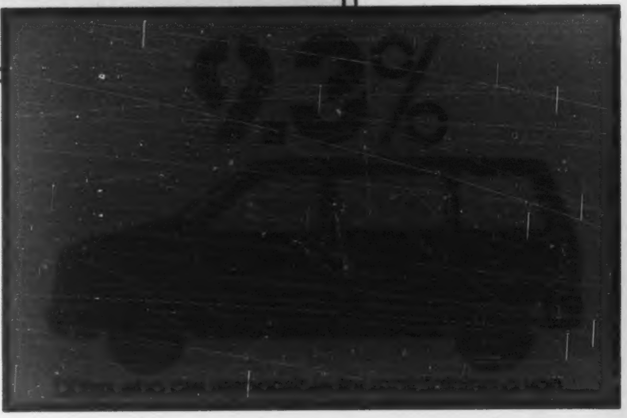
DIYers who are responsible for maintaining a car



DIYers who are responsible for maintaining a light truck



DIYers who are responsible for maintaining a utility vehicle



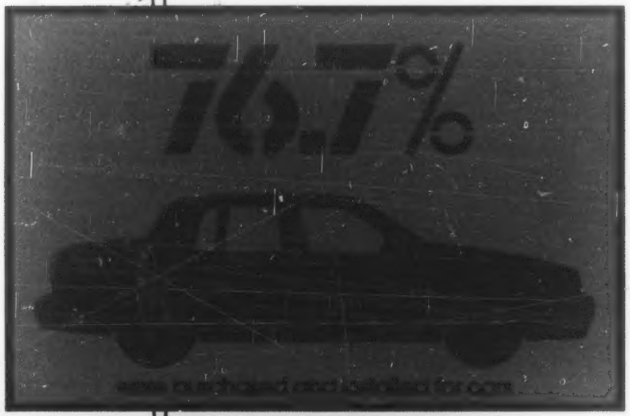
DIYers who are responsible for maintaining a van

CONSUMER AUTOMOTIVE REPAIR STUDY

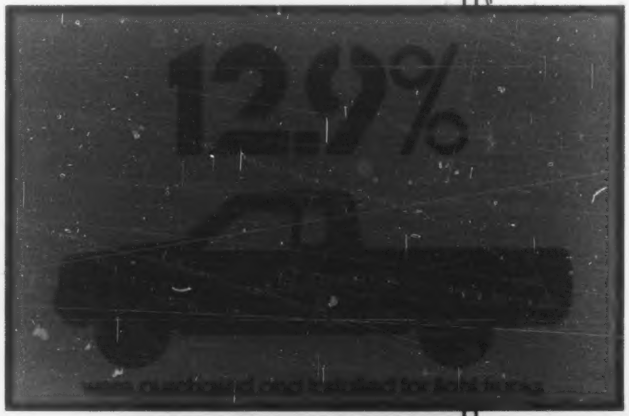
WAX/POLISH

DIYers made wax and polish the fourth most purchased and applied product we studied. In all, 65% of DIYers purchased wax and polish and 61.1% purchased and applied wax and polish during the past 12 months.

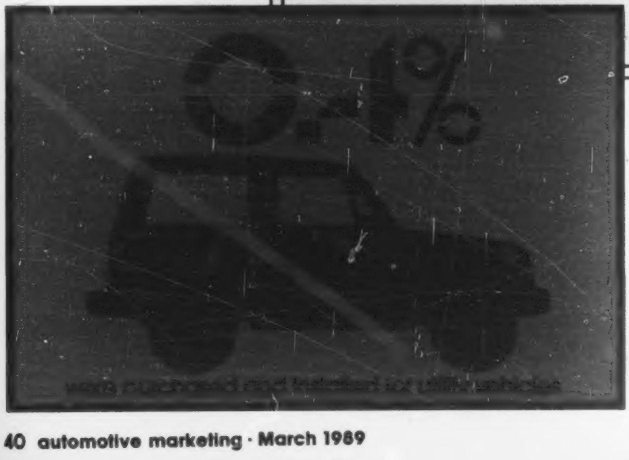
- By age, the largest single group, 30.9%, of wax and polish purchasers and appliers were in the 25- to 34-years-old bracket.
- Some 22.9% of DIYers who purchased and installed made less than $20,000 annually, compared to the 29.9% of those DIYers who made more than $40,000 annually.
- Most wax and polish purchasers and appliers, 63.8%, spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 55.7% bought and applied wax and polish; of those with two vehicles, 61.8% bought and applied wax and polish.
- In all, 36.5% of those who purchased and applied wax and polish said they increased the amount of DIY they have done over the past five years, while 20.5% said their DIY work had decreased.
- Men buy wax and polish in automotive parts stores, while women buy it in discount or department stores. In all, 40.4% of men bought it in parts stores, compared to only 26.3% of women.
- "To save money" was the reason 39.1% of DIYers purchased and applied wax and polish. In all, however, 42.6% of men gave that as their reason compared to only 29.5% of women DIYers.
- Price is the major reason people gave for buying wax and polish where they did. On the whole, 45.5% gave that as their purchase reason. Another 39.8% said it was the convenient location of the store that counted.
- Broken down by type of vehicle the wax and polish was purchased for and applied to, 76.7% were cars, 12.9% were light trucks, 3.9% were vans, and 0.4% were utility vehicles.
- In all, 91.7% of women who bought wax and polish did so for a car, while only 71.1% of men bought it for a car. Among male DIYers, 16.2% of the batteries purchased and installed were for a light truck.
- How likely is it that they will purchase and apply wax and polish again? "Very likely," was the answer of 83.5% of all DIYers. Of men, 85.1% said "very likely" compared to 79.1% of women DIYers. Only 4.4% said it was "not too likely" or "not at all likely." ■



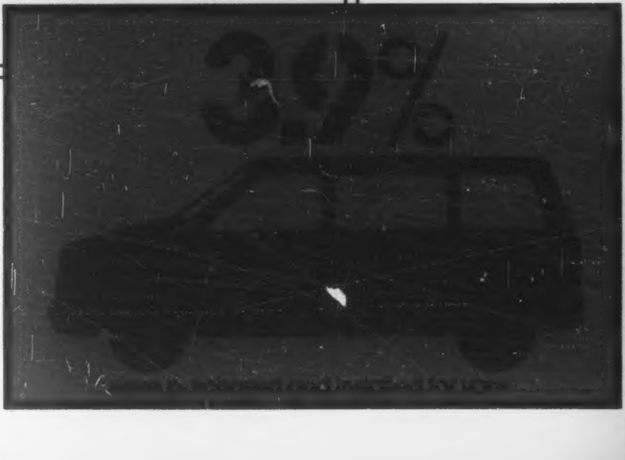
were purchased and installed for cars



were purchased and installed for light trucks



were purchased and installed for utility vehicles

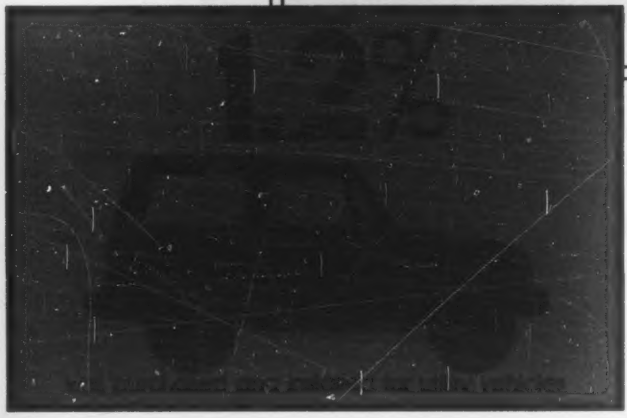


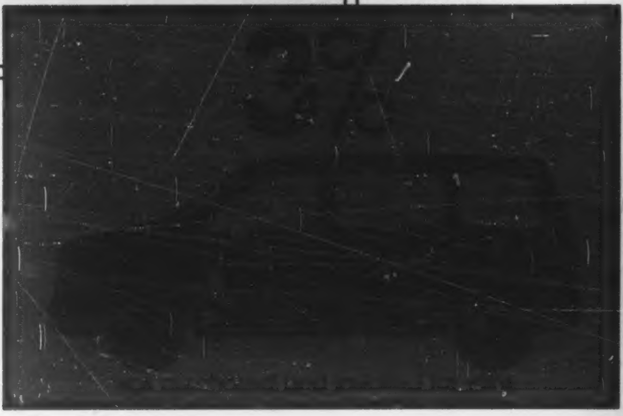
were purchased and installed for vans

MOTOR OIL

DIYers buy and install motor oil more than any other automotive product. In all, 91.9% of them purchased motor oil and 80.7% both purchased and installed motor oil during the past 12 months.

- By age, the largest single group, 32.8%, of motor oil purchasers and installers were in the 25- to 34-years-old bracket.
- Among motor oil purchasers and installers, exactly the same percentage, 26.9%, made less than $20,000 annually and made more than $40,000 annually.
- Most motor oil purchasers and installers, 63.1%, spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 72.6% bought and installed motor oil; of those with two vehicles, 85.0% bought and installed motor oil.
- In all, 36.5% of those who purchased and installed motor oil said they increased the amount of DIY they have done over the past five years, while 20.4% said their DIY work had decreased.
- Men tend to buy oil in automotive parts stores, while women buy it more often in discount or department stores. In all, 40.9% of men bought it in parts stores, compared to only 28.6% of women.
- "To save money" was the reason 42.7% of DIYers purchased and installed motor oil. In all, however, 46.2% of men gave that as their reason compared to only 33.2% of women DIYers.
- Price is the major reason people gave for buying motor oil where they did. On the whole, 63.7% gave that as their purchase reason.
- Broken down by type of vehicle the motor oil was purchased for and installed in, 67.4% were cars, 16.6% were light trucks, 3% were vans, and 1.2% were utility vehicles.
- In all, 86.5% of women who bought motor oil did so for a car, while only 60.5% of men bought it for a car. Among male DIYers, 21.0% of the batteries purchased and installed were for a light truck.
- How likely is it that they will purchase and install motor oil again? "Very likely," was the answer of 89.8% of all DIYers. Of men, 91.2% said "very likely" compared to 85.8% of women DIYers. Only 2.5% of all DIYers said it was "not too likely" or "not at all likely." ■





CONSUMER AUTOMOTIVE REPAIR STUDY

WINDSHIELD WIPERS/BLADES

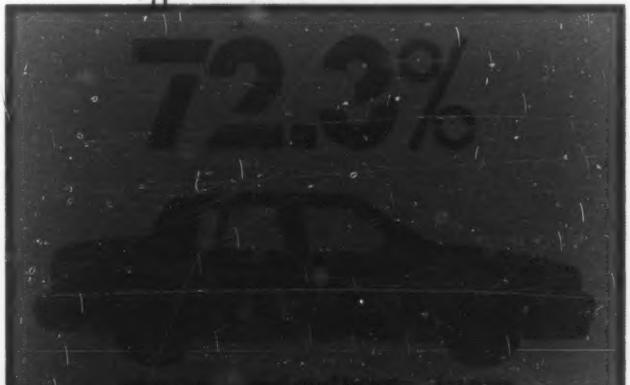
The seventh most popular automotive products for DIYers to buy and the sixth most popular to buy and install are windshield wipers, blades, and accessories. In all, 59.3% of DIYers purchased windshield wipers or blades and 51.8% installed windshield wipers or blades during the past 12 months.

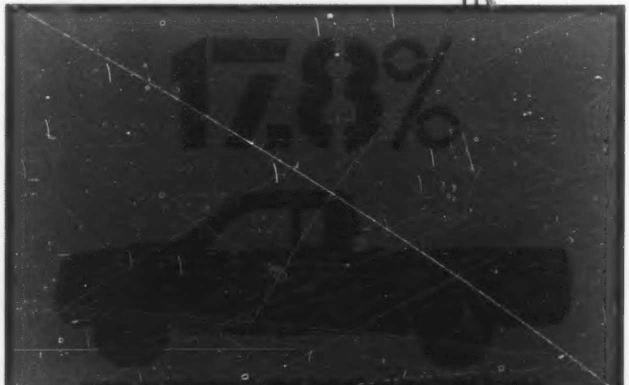
- By age, the largest single group, 36.4%, of windshield wipers or blades purchasers and installers were in the 25- to 34-years-old bracket.
- DIYers making more than $40,000 annually purchased and installed windshield wipers or blades at a higher rate than any other group by income with 31.2% purchasing and installing blades or wipers.
- Most windshield wipers or blades purchasers and installers, 63.1%, spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 37.1% bought and installed windshield wipers or blades; of those with two vehicles, 59.5% bought and installed windshield wipers or blades.
- In all, 36.7% of those who purchased and installed windshield wipers or blades said they increased the amount of DIY they have done over the past five years, while 20.9% said their DIY work had decreased.
- Men and women tend to buy windshield wipers or blades in automotive parts stores. In all, 62.8% of men and 51.7% of women bought them in parts stores.
- "It was simple or easy to do" was the reason 48.4% of DIYers purchased and installed windshield wipers or blades. In all, however, 41.3% of men also said they did it to save money, compared to 27.5% of women who gave the same reason.
- Convenient store location is the major reason people gave for buying windshield wipers or blades where they did. On the whole, 38.2% gave that as their purchase reason. Also important, but slightly behind convenience, was price at 34.4%.
- Broken down by type of vehicle the windshield wipers or blades were purchased for and installed in, 76.7% were cars, 13.5% were light trucks, 3.3% were vans, and 1.1% were utility vehicles.
- In all, 90.1% of women who bought windshield wipers or blades did so for a car, while only 73.6% of men bought it for a car. Among male DIYers, 16% of the wipers or blades purchased and installed were for a light truck.
- How likely is it that they will purchase and install windshield wipers or blades again? "Very likely," was the answer of 92% of all DIYers. Among both men and women, 92% "very likely." Only 3.4% said it were "not too likely" or "not at all likely." ■

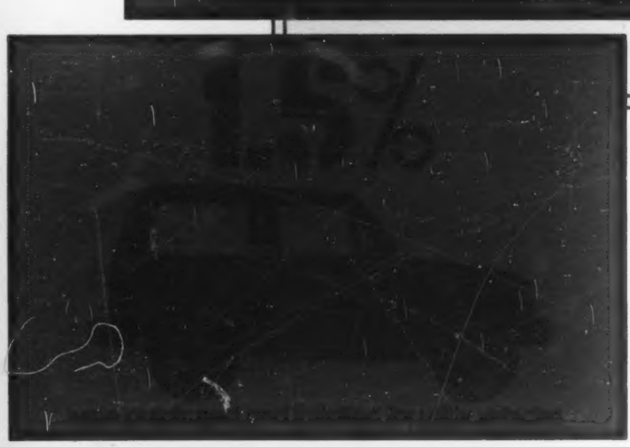
OIL/GAS ADDITIVES

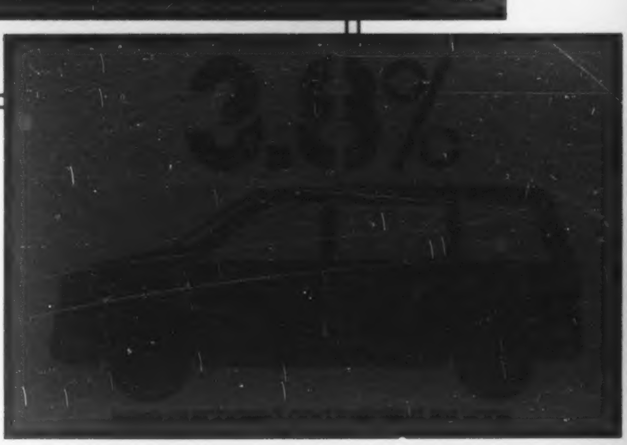
Some 41.1% of the DIYers purchased an oil or gas additive during the past 12 months, putting additves in the number eleven position as most purchased product. As far as installation, 39% both bought and installed the additives during the past 12 months.

- The 25- to 34-years-old bracket accounted for the largest single group of additves purchasers and installers with 28.3% doing so. However, the 35- to 44-years-old bracket was very close behind with 24.7% doing the job.
- DIYers making less than $20,000 were the largest single group of additive purchasers and installers, making up 29% of the total. DIYers making more than $40,000 were close behind with 25.2% of the total.
- Some 63.2% of additives purchasers and installers spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 32.8% bought and installed some kind of additive; of those with two vehicles, 44.4% bought and installed additives.
- In all, 39.1% of those who purchased and installed additives said they increased the amount of DIY they have done over the past five years, while only 19.2% said their DIY work had decreased.
- Men buy additives most frequently in automotive parts stores. Half, 50.2%, of the male purchasers and installers bought additives in automotive stores. On the other hand, women divide their purchases. Of women purchasers and installers, 26.8% bought in discount stores, 26.1% bought in automotive stores, while 24.6% bought additives at service stations.
- Why did they do the job? The overwhelming reason given by 53.9% of purchasers and installers was that it was, "simple and easy to do." The second most popular reason was, "to save money," mentioned by 29.6% of purchasers and installers.
- Broken down by type of vehicle the additives were purchased for and installed in, 72.3% were cars, 17.8% were light trucks, 3.8% were vans, and 1.5% were utility vehicles.
- In all, 90.5% of women who bought additives did so for a car, while only 66.7% of men bought additives for a car. Among male DIYers, 22.0% of the additives purchased and installed were for a light truck.
- How likely is it that they will purchase and install additives again? "Very likely," was the answer of 92.5% of all DIYers. Among men, 94.5% said "very likely," compared to 86.3% of women DIYers. Only 2.8% of all DIYers said it was "not too likely" or "not at all likely." ■







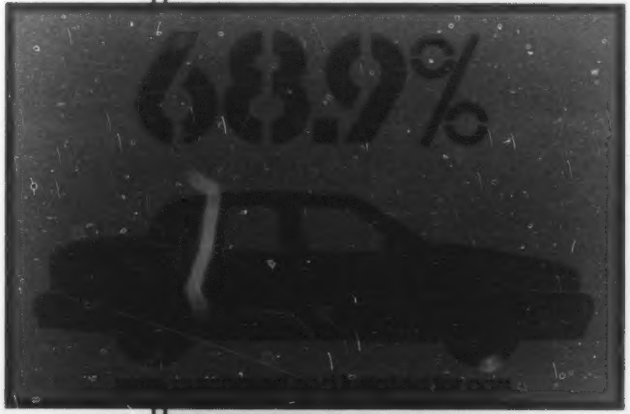


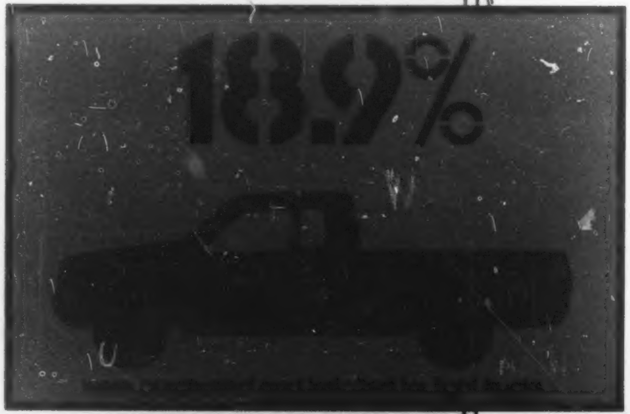
CONSUMER AUTOMOTIVE REPAIR STUDY

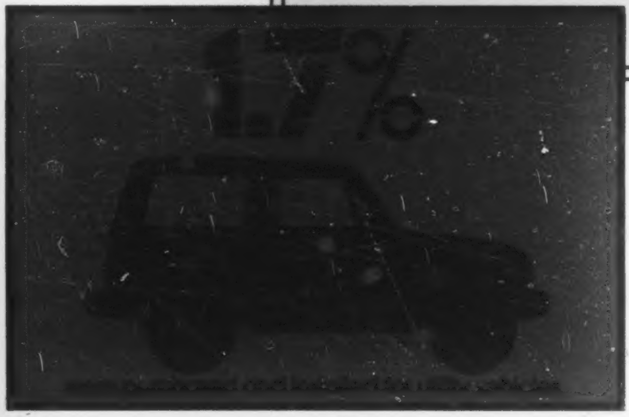
TUNE-UP PRODUCTS

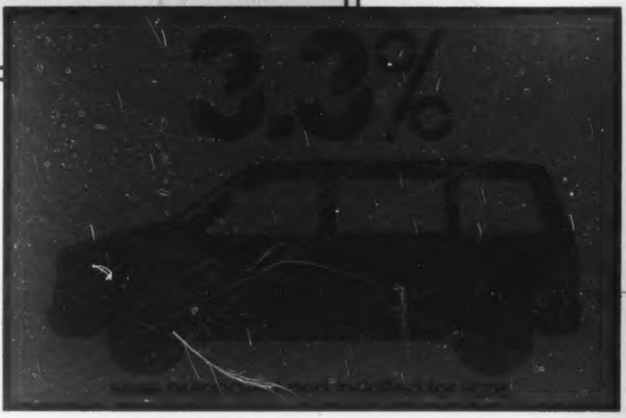
Tune-up products are the eighth most frequently purchased and installed automotive product. In all, 62.4% of DIYers purchased tune-up products and 43.4% both bought and installed tune-up products during the past 12 months.

- By age, the largest single group, 37.3%, of tune-up products purchasers and installers were in the 25- to 34-years-old bracket.
- Slightly more DIYers making less than $20,000 annually, 27.5%, purchased and installed tune-up products than did DIYers making more than $40,000 annually, 25.1%.
- Most tune-up products purchasers and installers, 62.2%, spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 27.7% bought and installed tune-up products; of those with two vehicles, 50.7% bought and installed tune-up products.
- In all, 42.4% of those who purchased and installed tune-up products said they had increased the amount of DIY they have done over the past five years, while 18.4% said their DIY work had decreased.
- Men buy tune-up products in automotive parts stores, while women buy them in discount or department stores. In all, 77.2% of men bought them in parts stores, compared to only 69.2% of women.
- "To save money" was the reason 56.3% of DIYers purchased and installed tune-up products. However, 30% said they did it because it was easy.
- Price is the major reason people gave for buying tune-up products where they did. On the whole, 43.7% gave that as their purchase reason; 30.1% said convenient location was why.
- Broken down by type of vehicle the tune-up products were purchased for and installed in, 68.9% were cars, 18.9% were light trucks, 3.3% were vans, and 1.7% were utility vehicles.
- In all, 83.6% of women who bought tune-up products did so for a car, while only 67.1% of men bought it for a car. Among male DIYers, 20.8% of the tune-up products purchased and installed were for a light truck.
- How likely is it that they will purchase and install tune-up products again? "Very likely," was the answer of 83.6% of all DIYers. Among men, 85.2% said "very likely," compared to 70.4% of women DIYers. Only 4.4% said it was "not too likely" or "not at all likely." ■







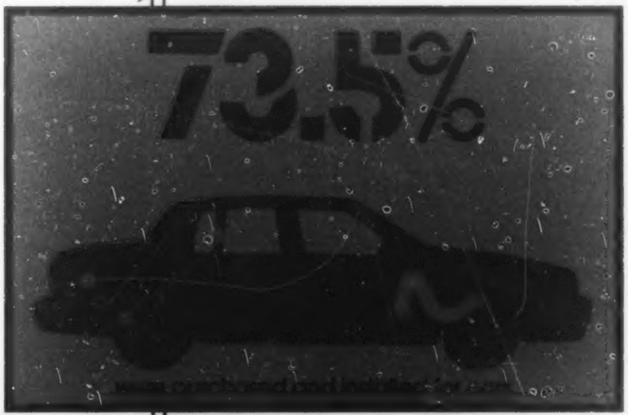


CONSUMER AUTOMOTIVE REPAIR STUDY

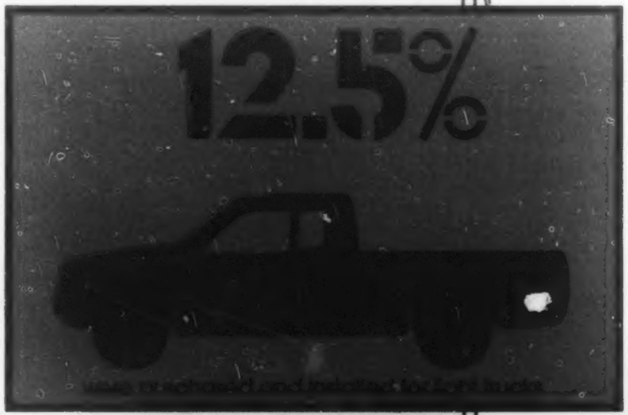
APPEARANCE CHEMICALS/PROTECTANTS

Appearance chemicals/protectants are the seventh most frequently purchased and installed automotive product. In all, 51.3% of DIYers purchased appearance chemicals and 49.4% applied appearance chemicals during the past 12 months.

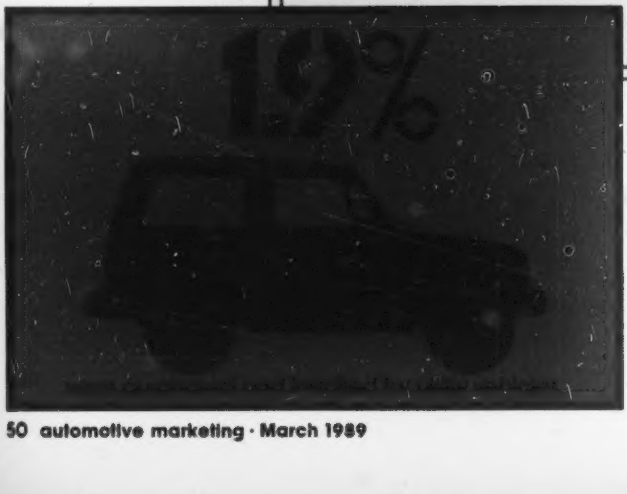
- By age, the largest single group, 34.6%, of appearance chemicals purchasers and installers were in the 25- to 34-years-old bracket.
- More DIYers making more than $40,000 annually, 32.9%, purchased and applied appearance chemicals than did DIYers making less than $20,000 annually, 24%.
- Most appearance chemicals purchasers and appliers, 63.9%, spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 40.2% bought and applied appearance chemicals; of those with two vehicles, 56.3% bought and applied appearance chemicals.
- In all, 37.7% of those who purchased and applied appearance chemicals said they had increased the amount of DIY they have done over the past five years, while 19.7% said their DIY work had decreased.
- Men most frequently buy appearance chemicals in automotive parts stores, while women tend to split their purchases between auto parts stores and discount stores. In all, 47.2% of men bought them in parts stores, compared to only 36% of women.
- Because it is "easy to do" (36.4%) and "to save money" (34.8%) were the primary reasons 34.8% of DIYers purchased and applied appearance chemicals. Some 16.7% of DIYers did it for personal enjoyment.
- Price is the major reason people gave for buying appearance chemicals where they did. On the whole, 49.3% gave that as their purchase reason; 38.1% said convenient location was why.
- Broken down by type of vehicle the appearance chemicals were purchased for and applied on, 73.5% were cars, 12.5% were light trucks, 3.4% were vans, and 1.9% were utility vehicles.
- In all, 88.2% of women who bought appearance chemicals did so for a car, while only 68.1% of men bought them for a car. Among male DIYers, 16.4% of the appearance chemicals purchased and installed were for a light truck.
- How likely is it that they will purchase and apply appearance chemicals again? "Very likely," was the answer of 92% of all DIYers. Among men, 93% said "very likely," compared to 89.3% of women DIYers. Only 2.1% said it was "not too likely" or "not at all likely." ■

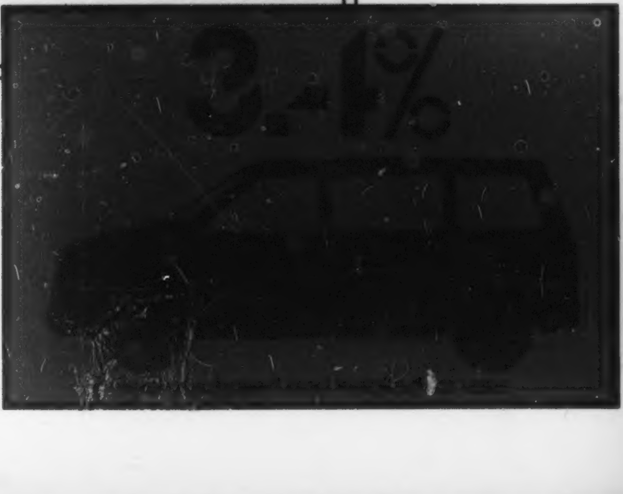


was purchased and installed for cars



was purchased and installed for light trucks



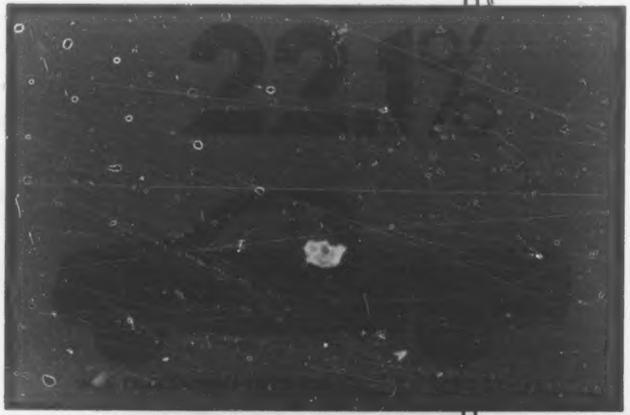


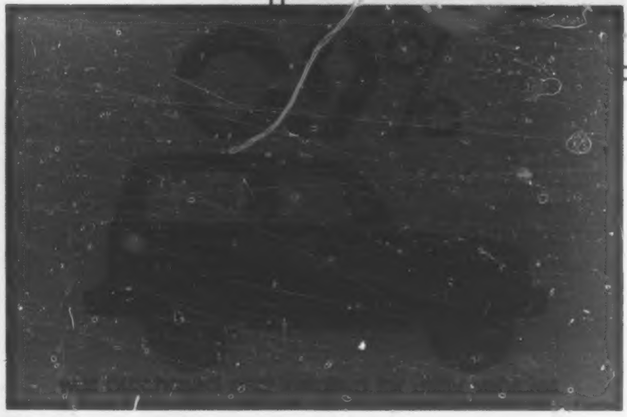
CONSUMER AUTOMOTIVE REPAIR STUDY

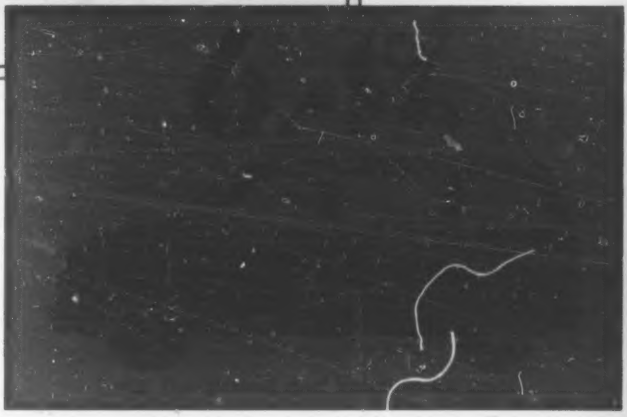
PAINT

Paint finished 17th in our list of products DIYers buy but 14th among products they also use themselves. In all, 17.8% of them purchased paint and 14.4% applied paint during the past 12 months.

- By age, the largest single group, 31.5%, of paint purchasers and installers were in the 25- to 34-years-old bracket.
- The percentage of DIYers making less than $20,000 annually and those making more than $40,000 annually who purchased and applied paint is very close—27.9% of the first group and 31.1% of the latter.
- Most paint purchasers and installers, 56.6%, spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 7% bought and applied paint; of those with two vehicles, 17.8% bought and applied paint.
- In all, 39.3% of those who purchased and applied paint said they increased the amount of DIY they have done over the past five years, while 17.3% said their DIY work had decreased.
- Men are more likely to buy paint in automotive parts stores, while women split their purchases between discount or department stores and auto parts stores. In all, 47.4% of men bought it in parts stores, compared to only 27.5% of women.
- "To save money" was the reason 54% of DIYers purchased and applied paint. In all, however, 55.8% of men gave that as their reason compared to only 42.1% of women DIYers.
- Product selection (i.e., the right color) is the major reason people gave for buying paint where they did. On the whole, 46.9% gave that as their purchase reason.
- Broken down by type of vehicle the paint was purchased for and applied on, 69.6% were cars, 22.1% were light trucks, 6.4% were vans, and 0.9% were utility vehicles.
- In all, 93% of women who bought paint did so for a car, while only 66.1% of men bought it for a car. However, only 7% of women purchased paint for a light truck, while 24.3% of the males did so for a light truck.
- How likely is it that they will purchase and apply paint again? "Very likely," was the answer of 68.5% of all DIYers. Of men, 69.2% said "very likely," compared to 64.3% of women DIYers. A 17.2% said it was "not too likely" or "not at all likely." ■





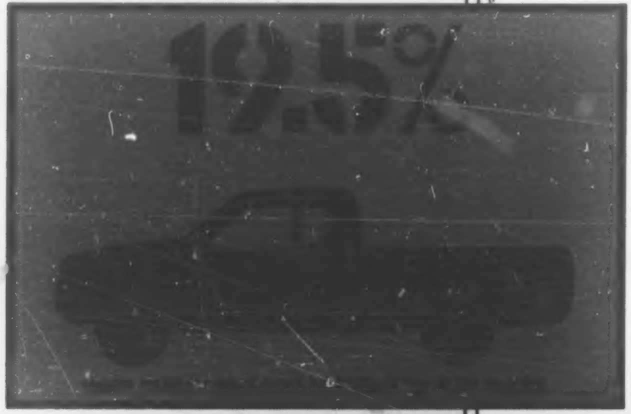


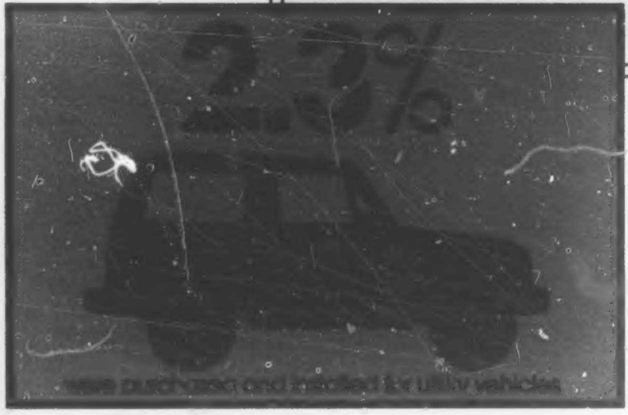
LIGHTING PRODUCTS

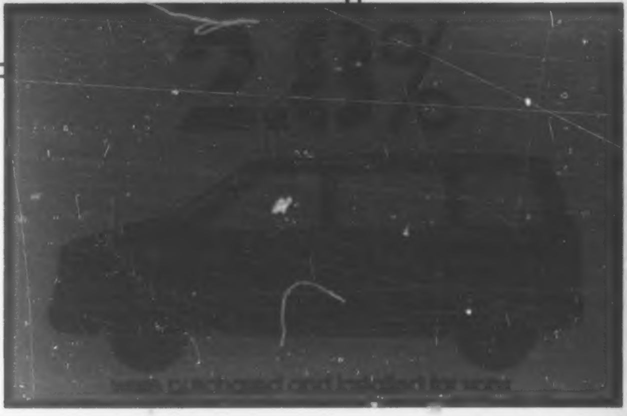
Slightly over half, 51.7%, of the DIYers on our study purchased a lighting products during the past 12 months, making lighting products the eighth most purchased product , while 42.4% bought and installed their own lighting products during the past year. It was the ninth most purchased and installed product.

- The 25- to 34-years-old bracket accounted for over a third, 35.7%, of the lighting products purchasers and installers, with the 35- to 44-years-old bracket accounting for 23.3%.
- DIYers making over $40,000 were the largest single group of lighting product purchasers and installers making up 32% of the total. DIYers making between $20-30,000 were close behind with 25.5% of the total.
- Some 60.4% of lighting products purchasers and installers spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 29.3% bought and installed some kind of lighting product; of those with two vehicles, 45.1% bought and installed lighting products.
- In all, 39% of those who purchased and installed lighting products said they were increasing the amount of DIY they have done over the past five years, while only 19.3% said their DIY work had decreased.
- Men and women buy lighting products in automotive parts stores about equally. In all, 62.7% of men bought it in parts stores, while 60% of women bought there. The second choice of both groups was the discount store with 21.1% of lighting product purchsers and installers shopping there.
- "To save money" was the reason 48% of DIYers purchased and installed lighting products. But 41.5% said it was because it was "easy to do." In fact, a majority of women, 52.5%, said they did the job simply because it was easy to do.
- Broken down by type of vehicle the lighting products were purchased for and installed in, 72.7% were cars, 19.5% were light trucks, 2.8% were vans, and 2.3% were utility vehicles.
- In all, 83.8% of women who bought lighting products did so for a car, while only 71.0% of men bought the product for a car. Among male DIYers, 20.8% of the lighting products purchased and installed were for a light truck.
- How likely is it that they will purchase and install lighting products again? "Very likely," was the answer of 90% of all DIYers. Of men, 90.9% said "very likely," compared to 84% of women DIYers. Only 3.8% said it was "not too likely" or "not at all likely." ■

72.7%
were purchased and installed for cars


19.5%
were purchased and installed for light trucks


2.3%
were purchased and installed for utility vehicles

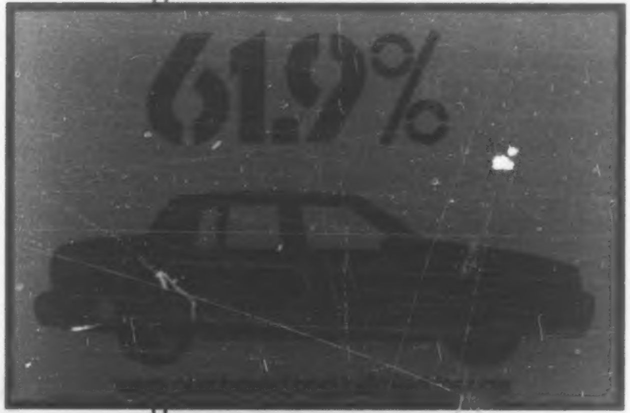

2.8%
were purchased and installed for vans

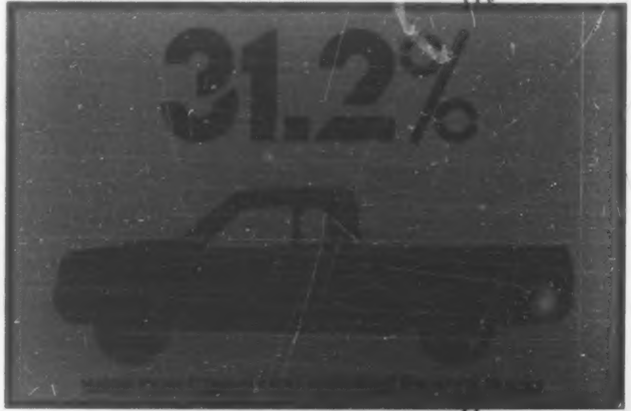
CONSUMER AUTOMOTIVE REPAIR STUDY

SEAT COVERS

Of the DIYers interviewed, 11.6% of of them purchased seat covers and 10.3% purchased and installed seat covers during the past 12 months.

- By age, the largest single group, 28.2%, of seat covers purchasers and installers were in the 25- to 34-years-old bracket.
- More DIYers making less than $20,000 annually installed seat covers, 33.8%, than did those making more than $40,000 annually, 23.4%.
- Most seat covers purchasers and installers, 63%, spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 8.3% bought and installed seat covers; of those with two vehicles, 12.1% bought and installed seat covers.
- In all, 52.1% of those who purchased and installed seat covers said they had increased the amount of DIY they have done over the past five years, while 10.2% said their DIY work had decreased.
- Men buy seat covers more frequently in automotive parts stores, while women most often buy them in discount or department stores. In all, 44.8% of men bought them in parts stores, compared to only 27.0% of women.
- "It was easy to do" was the reason 61.6% of DIYers purchased and installed seat covers.
- Price is the major reason people gave for buying seat covers where they did. On the whole, 53.8% gave that as their purchase reason.
- Broken down by type of vehicle the seat covers were purchased for and installed in, 61.9% were cars, 31.2% were light trucks, 3.8% were vans, and 1.6% were utility vehicles.
- In all, 89.3% of women who bought seat covers did so for a car, while 50.7% of men bought them for a car. Among male DIYers, 39.8% of the seat covers purchased and installed were for a light truck.
- How likely is it that they will purchase and install seat covers again? "Very likely," was the answer of 79.8% of all DIYers. Of men, 82.1% said "very likely," compared to 74.1% of women DIYers. Only 7.6% said it was "not too likely" or "not at all likely." ■



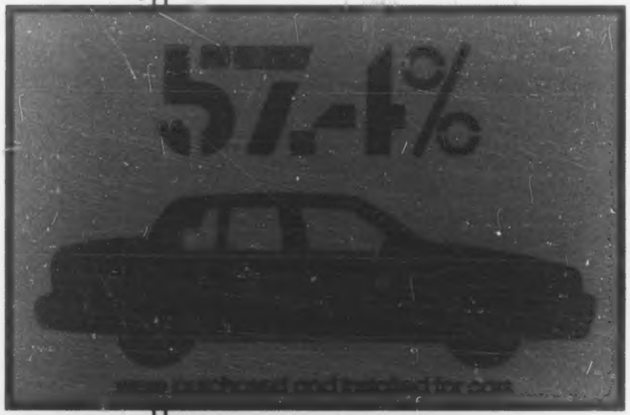


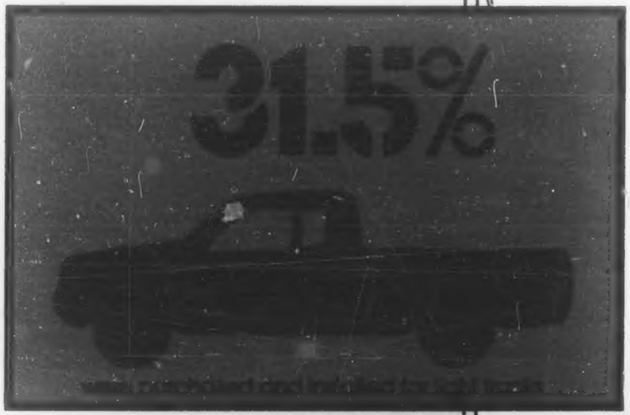
CONSUMER AUTOMOTIVE REPAIR STUDY

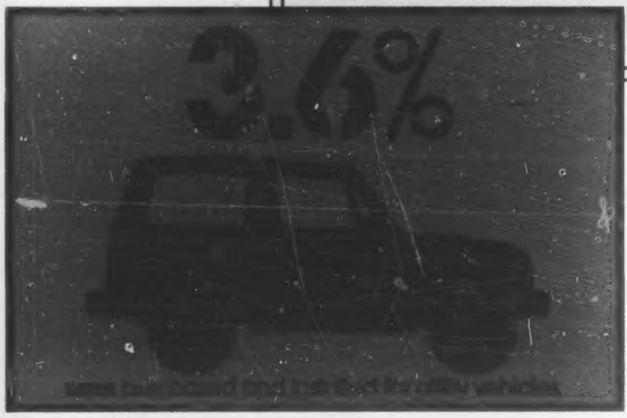
RIDE CONTROL

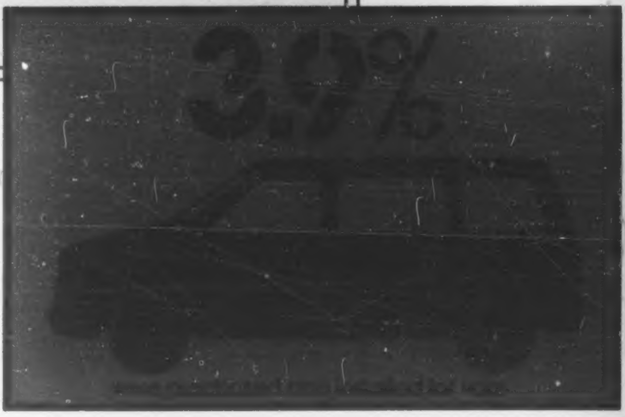
Shocks and struts are the 16th most purchased and installed automotive product we tracked. In all, 23.7% of DIYers purchased shocks and struts and 11.2% both purchased and installed shocks and struts during the past 12 months.

- By age, the largest single group, 34.5%, of shocks and struts purchasers and installers were in the 25- to 34-years-old bracket.
- More DIYers making less than $20,000 annually, 34.3%, than those making more than $40,000 annually, 20.3%, purchased and installed shocks and struts.
- Most shocks and struts purchasers and installers, 54.6%, spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 4.8% bought and installed shocks and struts; of those with two vehicles, 10.3% bought and installed shocks and struts.
- In all, 42.4% of those who purchased and installed shocks and struts said they increased the amount of DIY they have done over the past five years, while 16.4% said they had decreased their DIY work.
- Men buy struts most frequently in automotive parts stores, while women tend to buy them in discount stores. In all, 74.9% of men bought it in parts stores, compared to 68.4% of women who bought theirs in discount stores.
- "To save money" was the reason 58.3% of DIYers purchased and installed shocks and struts. In all, however, 58.0% of men gave that as their reason compared to 65.8% of women DIYers.
- Price is the major reason people gave for buying shocks and struts where they did. On the whole, 43.7% gave that as their purchase reason.
- Broken down by type of vehicle the shocks and struts was purchased for and installed in, 57.4% were cars, 31.5% were light trucks, 3.9% were vans, and 3.6% were utility vehicles.
- In all, 34.2% of women who bought shocks and struts did so for a car, while only 58.4% of men bought it for a car. Among male DIYers, 31.5% of the struts and shocks purchased and installed were for a light truck.
- How likely is it that they will purchase and install shocks and struts again? "Very likely," was the answer of 78.4% of all DIYers. Of that, 77.6% of men said "very likely" compared to 100% of women DIYers. Only 10.5% of all DIYers said it was "not too likely" or "not at all likely." ■


57.4%
were purchased and installed for cars


31.5%
were purchased and installed for light trucks


3.6%
were purchased and installed for utility vehicles

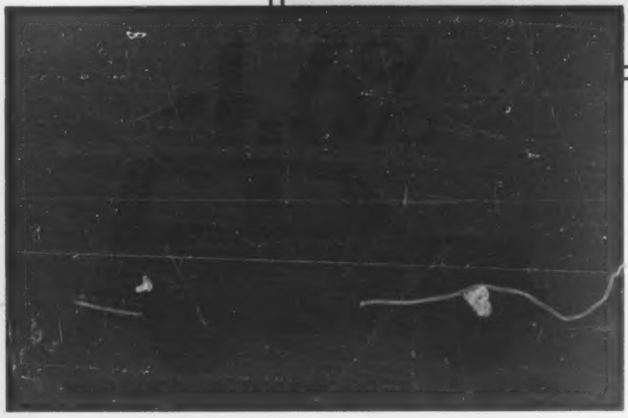

3.9%
were purchased and installed for vans

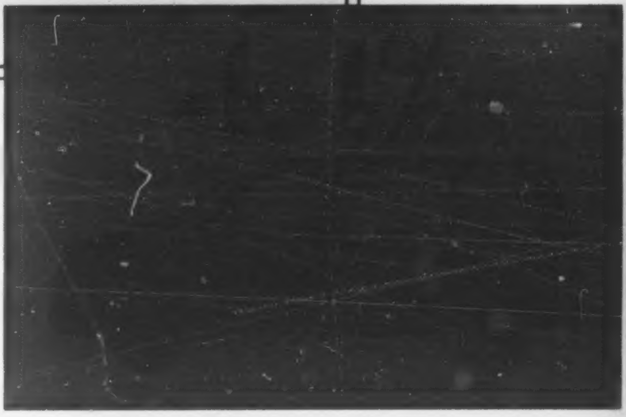
[illegible]

BOOKS

Of the DIYers on the CARS study, 13.2% bought an automotive book or manual during the past 12 months. That makes books the number 19 product of the 21 automotive products that DIYers purchased that we studied. We assume that 100% of automotive book purchasers opened the books.

- The purchase of automotive books declined with age, beginning with 28.9% from the under 25 age group and declining steadily until only 3.7% of those over 55 purchased automotive books.
- DIYers making more than $40,000 were the largest single group of automotive book purchasers with 29.8% of DIYers in that income range buying an automotive book. However, other income groups were close behind.
- The majority of automotive book purchasers, 55.4%, spent one to five hours a month on vehicle DIY.
- Of those with two vehicles, 13.1% purchased an automotive book; of those with three or more vehicles, 22.6% purchased some kind of automotive book.
- In all, 51.9% of those buying an automotive book said they'd increased the amount of DIY work they had done over the past five years, while 14.2% said their DIY work had decreased.
- Automotive books are mainly bought in automotive stores. More than half, 53.2%, of all automotive book purchasers did so in an automotive store. Book stores accounted for 14.3% of total automotive book purchases by DIYers. Among women purchasers, 80% bought an automotive book in an automotive store.
- Among DIYers, 41.4% said "selection" was the most important reason in deciding where to purchase an automotive book. "Convenience" was the second decision maker with 21.8% giving this as a reason, while price was important to 15.7%.
- Broken down by the type of vehicle automotive books were purchased for, 74.7% were for cars, 10.2% were for light trucks, 4.4% were for vans, and 4.6% were for utility vehicles.
- In all, 70.5% of women who bought automotive books purchased the book for use with a car while 20% bought the automotive book for use with a light truck. For men, only 8.4% purchased the automotive book for a light truck. ■



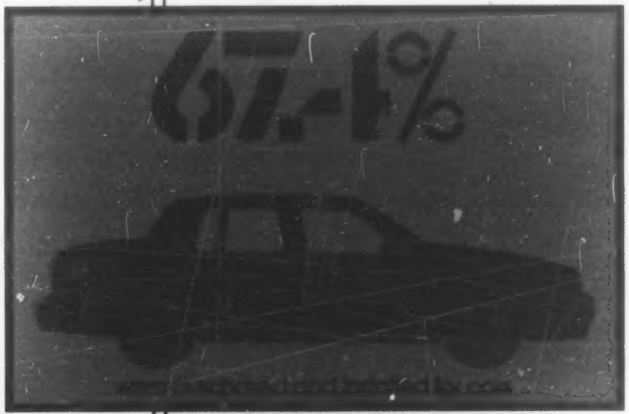


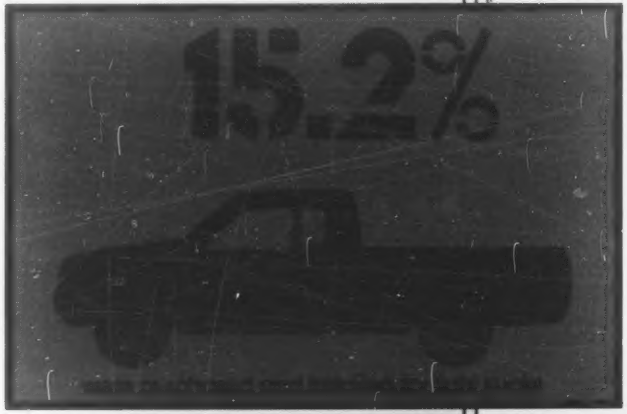
CONSUMER AUTOMOTIVE REPAIR STUDY

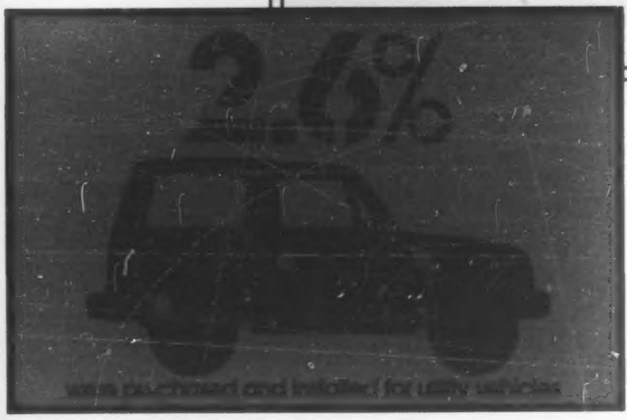
FILTERS

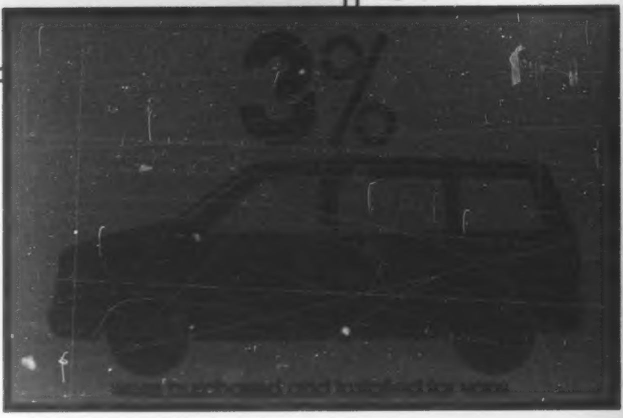
Oil and air filters are the second most-popular product on the study. Some 86.4% of DIYers purchased a filter and 65.9% bought and installed filters during the past 12 months.

- By age, the largest single group, 32.8%, of filter purchasers and installers were in the 25- to 34-years-old bracket.
- Half, 50.1%, of DIYers who purchase and installed a filter made less than $30,000.
- Most filter purchasers and installers, 62%, spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 50.5% bought and installed some kind of filter; of those with two vehicles, 74.2% bought and installed filters.
- In all, 37.5% of those who purchased and installed filters said they increased the amount of DIY they have done over the past five years, while 20.6% said their DIY work had decreased.
- Both men and women buy filters in automotive parts stores. In all, 58.7% of men bought them in parts stores, while 45% of women bought there. However, 31% of women buy them in discount or department stores.
- "To save money" was the reason 47.4% of DIYers purchased and installed filters. But, 40.9% said it was because it was "easy to do." Indeed, "easy to do" was the leading reason among women at 45.7%.
- Price is the major reason people gave for buying filters where they did. On the whole, 50.3% gave that as their purchase reason.
- Broken down by type of vehicle the filters were purchased for and installed in, 67.4% were cars, 15.2% were light trucks, 3% were vans, and 2.6% were utility vehicles.
- In all, 85.1% of women who bought filters did so for a car, while only 63.4% of men bought it for a car. Among male DIYers, 17.6% of the filters purchased and installed were for a light truck.
- How likely is it that they will purchase and install filters again? "Very likely," was the answer of 92% of all DIYers. Of men, 93.2% said "very likely," compared to 86.6% of women DIYers. Only 3.3% said it was "not too likely" or "not at all likely." ■


67.4%
were purchased and installed for cars


15.2%
were purchased and installed for light trucks


2.6%
were purchased and installed for utility vehicles

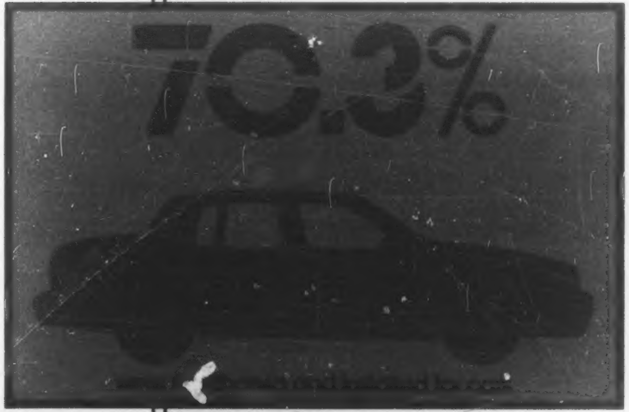

3%
were purchased and installed for vans

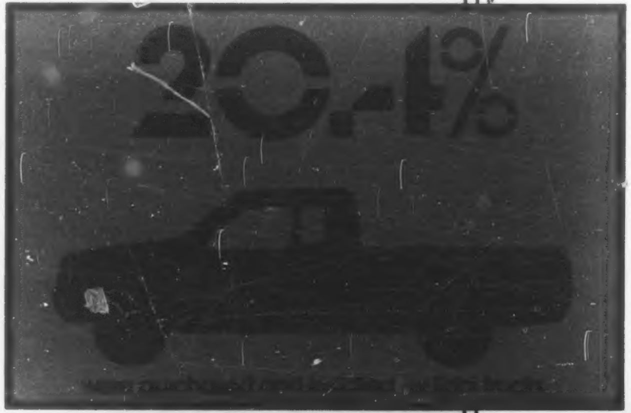
CONSUMER AUTOMOTIVE REPAIR STUDY

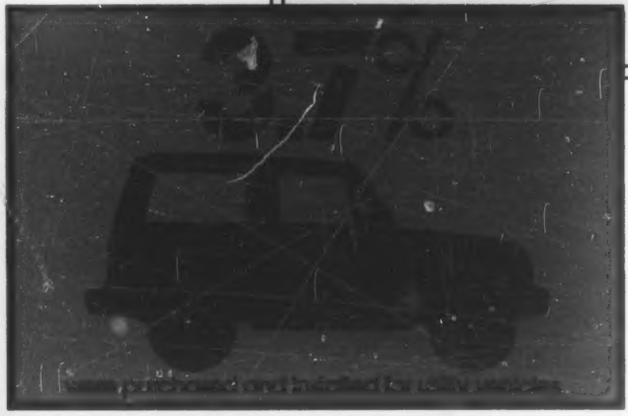
BATTERIES

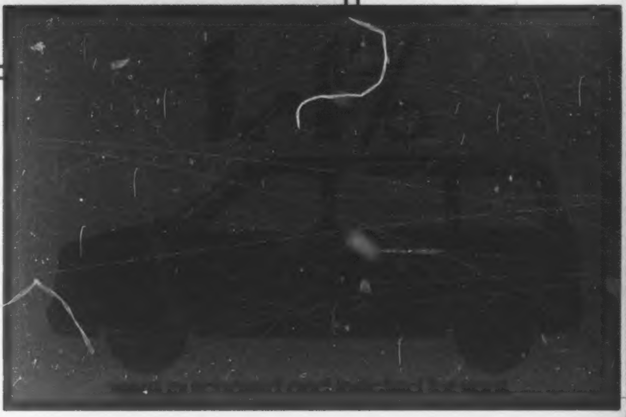
Batteries were the 12th most popular product for DIYers to buy and install. In all, 39.5% of them purchased batteries and 27.2% purchased and installed batteries during the past 12 months.

- By age, the largest single group, 31.4%, of battery purchasers and installers were in the 25- to 34-years-old bracket.
- More DIYers making more than $40,000 annually, 34.3%, purchased and installed batteries than did DIYers making less than $20,000 annually, 26.4%.
- Most battery purchasers and installers, 62.8%, spent one to five hours a month on vehicle DIY.
- Of those DIYers with one vehicle, 22.1% purchased and installed a battery; of those with two vehicles, 43.5% purchased and installed batteries.
- In all, 40.5% of those who purchased and installed batteries said they had increased the amount of DIY they have done over the past five years, while 18.8% said their DIY work had decreased.
- Men tend to buy batteries in automotive parts stores, while women buy them in discount or department stores. In all, 42.6% of men bought them in parts stores, compared to only 24.6% of women.
- "To save money" was the reason 44% of DIYers purchased and installed batteries. Some 42.3% of DIYers said they did it because it was easy to do.
- Price is the major reason people gave for buying batteries where they did. On the whole, 58.3% gave that as their purchase reason.
- Broken down by type of vehicle the batteries was purchased for and installed in, 70.3% were cars, 20.4% were light trucks, 1.4% were vans, and 3.7% were utility vehicles.
- In all, 75.4% of women who bought batteries did so for a car, while only 69.7% of men bought it for a car. Among male DIYers, 21.6% of the batteries purchased and installed were for a light truck.
- How likely is it that they will purchase and install batteries again? "Very likely," was the answer of 92.1% of all DIYers. Of women, 93.3% said "very likely," compared to 91.9% of men DIYers. Only 2.5% said it was "not too likely" or "not at all likely." ■


70.3%
were purchased and installed for cars


20.4%
were purchased and installed in light trucks


3.7%
were purchased and installed for utility vehicles

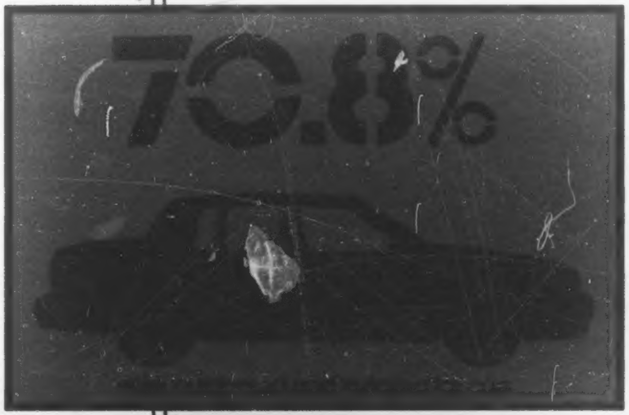

1.4%
were purchased and installed for vans

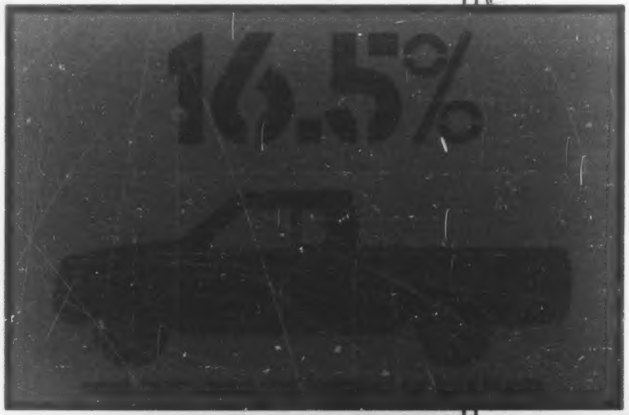
CONSUMER AUTOMOTIVE REPAIR STUDY

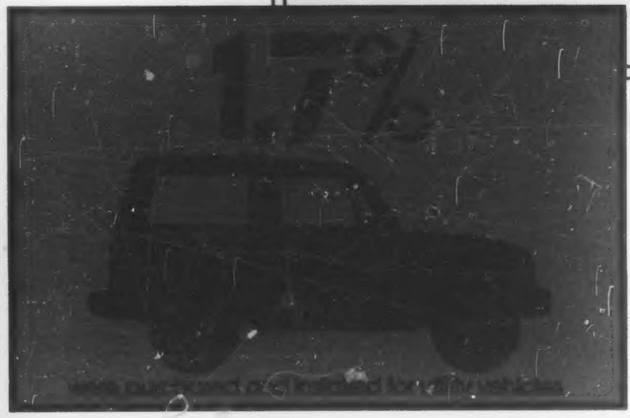
FUNCTIONAL FLUIDS/MAINTENANCE

Functional fluids/maintenance chemicals were the fifth most popular product on the study. Some 64.1% of DIYers purchased some kind of fluid, while 56.6% bought and installed their own fluids during the past 12 months.

- The 25- to 34-years-old bracket accounted for over a third, 36%, of the fluids purchasers and installers, with the 35- to 44-years-old bracket accounting for 21.3%.
- Although DIYers making under $20,000 make up the largest group of fluid purchasers and installers at 27.7%, of those making over $40,000, 25.5% also purchased and installed some kind of fluid.
- Almost two-thirds, 64.2%, of fluid purchasers and installers spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 43.7% bought and installed some kind of fluid; of those with two vehicles, 64.7% bought and installed fluids.
- In all, 43.4% of those who purchased and installed fluids said they increased the amount of DIY they have done over the past five years, while only 16.3% said their DIY work had decreased.
- Both men and women buy maintenance fluids in automotive parts stores. In all, 65.2% of men bought it in parts stores, while 44.4% of women bought there. However, 27.4% of women buy them in discount or department stores.
- "To save money" was the reason 43.3% of DIYers purchased and installed fluids. But 40.1% said it was because it was "easy to do." Also, 14.4% of women said they did the job simply because there was no one else who could do the job.
- Broken down by type of vehicle the fluids were purchased for and installed in, 70.8% were cars, 16.5% were light trucks, 4.6% were vans, and 1.7% were utility vehicles.
- In all, 89.2% of women who bought fluids did so for a car, while only 65.8% of men bought it for a car. Among male DIYers, 20.7% of the functional fluids/maintenance chemicals purchased and installed were for a light truck.
- How likely is it that they will purchase and install maintenance fluids again? "Very likely," was the answer of 90.3% of all DIYers. Of men 92.6% said "very likely," compared to 81.6% of women DIYers. Only 2.5% said it was "not too likely" or "not at all likely." ■





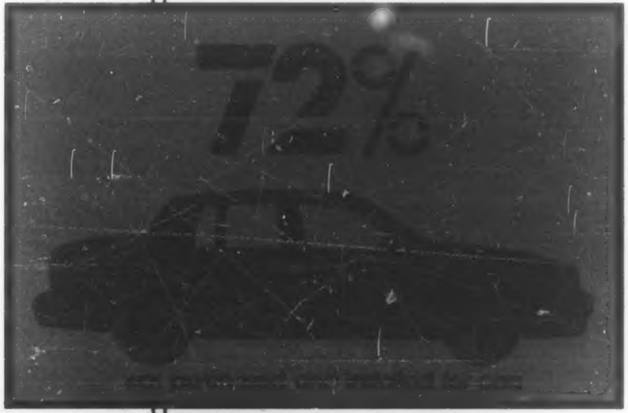

1.7%
were purchased and installed for utility vehicles

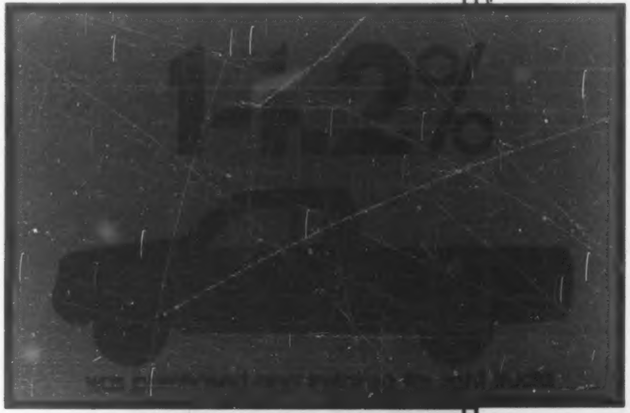
4.6%
were purchased and installed for vans

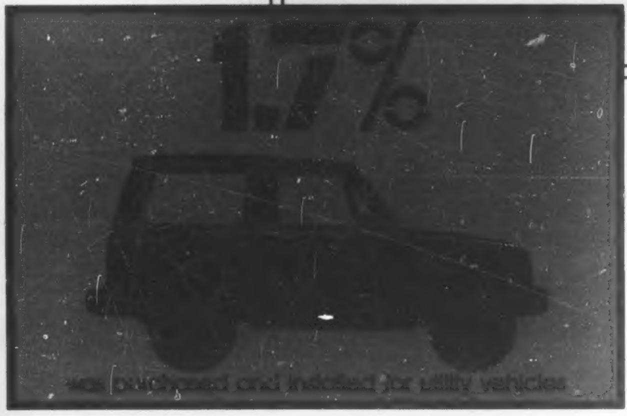
ANTIFREEZE/COOLANT

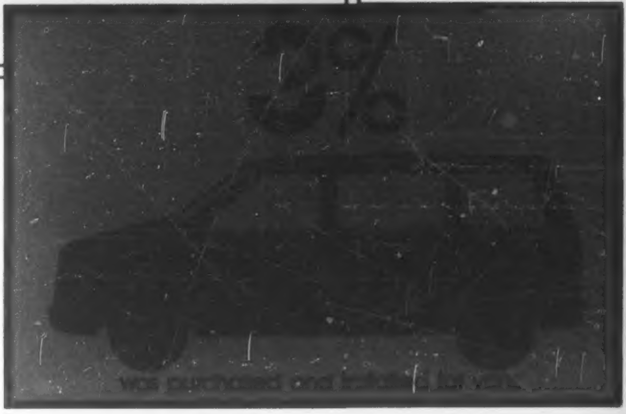
Antifreeze/coolant is the third most popular product that DIYers buy and install. In all, 73.2% of DIYers purchased antifreeze/coolant and 62.9% purchased and installed it during the past 12 months.

- By age, the largest single group, 33.1%, of antifreeze/coolant purchasers and installers were in the 25- to 34-years-old bracket.
- With almost the exact same percentage among antifreeze/coolant DIYers, 26.6% made less than $20,000 annually and 26.5% made more than $40,000 annually.
- Most antifreeze/coolant purchasers and installers, 64.8%, spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 53.4% bought and installed antifreeze/coolant; of those with two vehicles, 66.1% bought and installed antifreeze/coolant.
- In all, 39.2% of those who purchased and installed antifreeze/coolant said they had increased the amount of DIY they have done over the past five years, while 19.1% said their DIY work had decreased.
- Men buy antifreeze/coolant most frequently in automotive parts stores, while women divide their purchases about equally among automotive parts stores and discount stores. In all, 48.1% of men bought it in parts stores, compared to only 34.1% of women.
- "To save money" was the reason 44% of DIYers purchased and installed antifreeze/coolant. In all, however, 45.6% of men gave that as their reason compared to only 39% of women DIYers.
- Price is the major reason people gave for buying antifreeze/coolant where they did. On the whole, 61.6% gave that as their purchase reason.
- Broken down by type of vehicle the antifreeze/coolant was purchased for and installed in, 72% were cars, 14.2% were light trucks, 3% were vans, and 1.7% were utility vehicles.
- In all, 87.6% of women who bought antifreeze/coolant did so for a car, while only 66.9% of men bought it for a car. Among male DIYers, 17.4% of the antifreeze/coolant purchased and installed were for a light truck.
- How likely is it that they will purchase and install antifreeze/coolant again? "Very likely," was the answer of 92.1% of all DIYers. Of men, 93.1% said "very likely," compared to 89% of women DIYers. Only 2.2% said it was "not too likely" or "not at all likely." ■


72%
was purchased and installed for cars


14.2%
was purchased and installed for light trucks

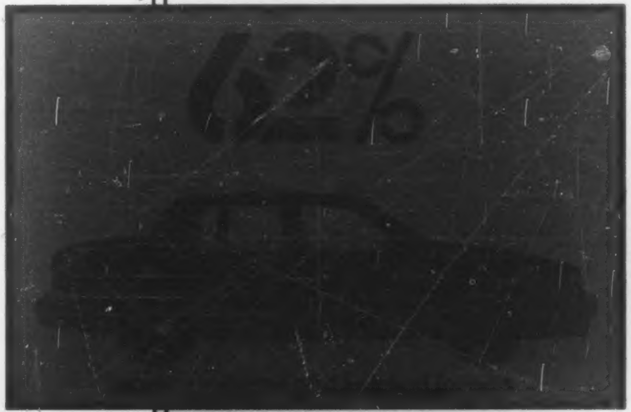

1.7%
was purchased and installed for utility vehicles

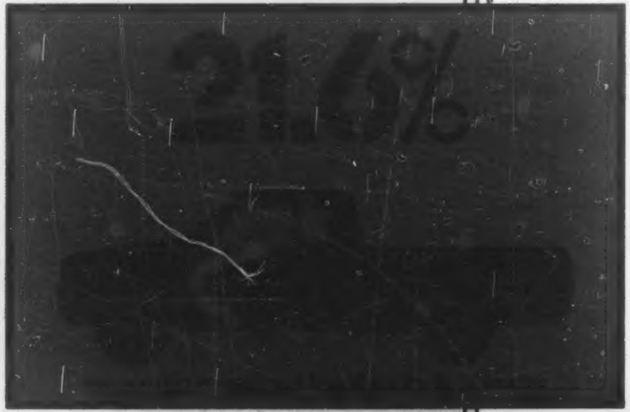

3%
was purchased and installed for vans

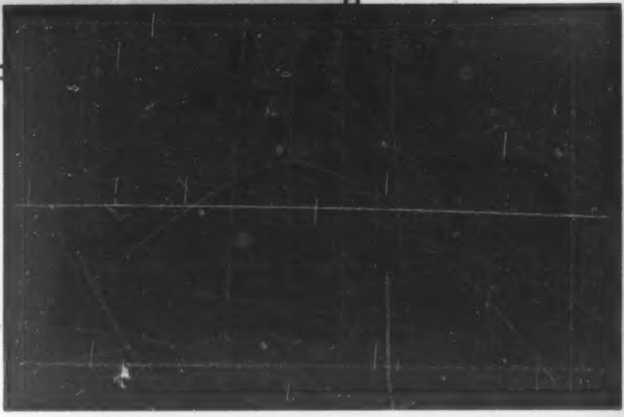
COOLING SYSTEM PARTS

Cooling system parts finished in 10th place among aftermarket products purchased and 11th among products purchased and installed by DIYers. In all, 46.9% of them purchased cooling system parts and 34.6% installed cooling system parts during the past 12 months.

- By age, the largest single group, 34.5%, of cooling system parts purchasers and installers were in the 25- to 34-years-old bracket.
- There was little difference between DIYers making less than $20,000 annually and those making more than $40,000 annually who purchased and installed cooling system parts. In the first group, 27.8% bought cooling system parts, while 24.4% of the latter group did.
- Most cooling system parts purchasers and installers, 59.8%, spent one to five hours a month on vehicle DIY.
- Of those with one vehicle, 19.1% bought and installed cooling system parts; of those with two vehicles, 38.4% bought and installed cooling system parts.
- In all, 41.2% of those who purchased and installed cooling system parts said they increased the amount of DIY they have done over the past five years, while 17% said their DIY work had decreased.
- The majority of DIYers buy cooling system parts in automotive parts stores. However, 74.9% of men bought them in parts stores, compared to only 57.8% of women.
- "To save money" was the reason 50.4% of DIYers purchased and installed cooling system parts. In all, however, only 48.2% of men gave that as their reason compared to 69.8% of women DIYers.
- Price is the major reason people gave for buying cooling system parts where they did. On the whole, 46% gave that as their purchase reason. However, another 33.9% said it was the outlet's convenient location that prompted them to buy where they did.
- Broken down by type of vehicle the cooling system parts were purchased for and installed in, 62% were cars, 21.6% were light trucks, 4.8% were vans, and 4.6% were utility vehicles.
- In all, 83.8% of women who bought cooling system parts did so for a car, while only 59.6% of men bought it for a car. Among male DIYers, 23.9% of the cooling system parts purchased and installed were for a light truck.
- How likely is it that they will purchase and install cooling system parts again? "Very likely," was the answer of 87.5% of all DIYers. Surprisingly, women, with 88%, are as likely as men, with 87.5%, to say that they are "very likely" to purchase and install cooling system parts again. Only 4.5% said it was "not too likely" or "not at all likely." ■







LINKING PAY & PERFORMANCE

Linking your store manager's paycheck to his performance is an ideal. But the practice is harder to achieve than the theory.

by **Jeffrey Alderton**, Touche Ross

Employee accountability and productivity are the stuff owners dreams about. Yet it is difficult to hold employees accountable for what they do (or don't do), and it is difficult to increase their productivity. Linking pay to performance has always been the ideal, and now many retailers are finding ways of making it a reality in their stores.

In a recent survey, Touche Ross uncovered a definite trend toward paying store managers and assistant managers according to the quality of work performed. To determine how store managers and assistants are compensated, we polled specialty store companies across the country. The results show retailers using a combination of ways to evaluate and compensate store managers and assistant managers. We also developed figures on turnover, and find some glaring variances from one part of the country to another.

The companies represented in this survey are largely apparel specialty stores. A similar study of the automotive aftermarket is now underway and will be reported on in *Automotive Marketing* as soon as those results have been tabulated.

Jeffery H. Alderton is a Senior Consultant with Touche Ross in New Jersey. He has assisted several retail companies with compensation programs and other human resources initiatives. Mr. Alderton is a frequent contributor to this magazine. He invites your comments on this article and he can be contacted at (404) 955-6142.

Store Managers

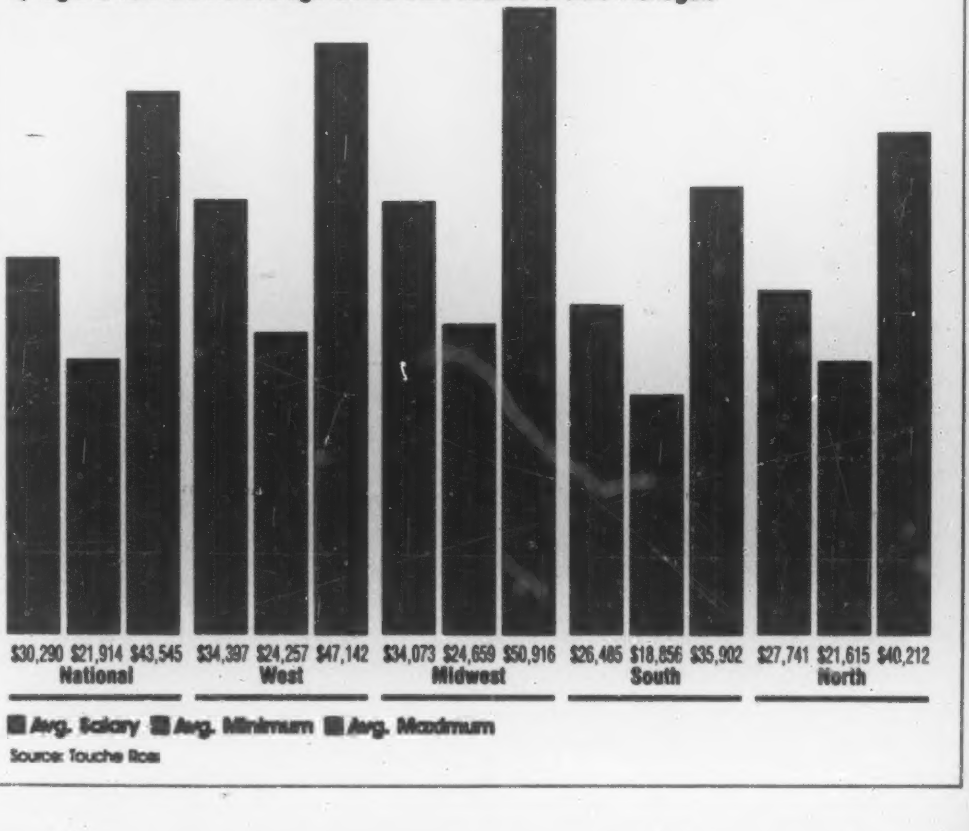
The three primary forms of compensation for store managers are *base salary*, *bonus*, and *perquisites*. Bonuses are playing a much greater role in determining total compensation, with 75% of the responding companies awarding bonuses to their store managers. Indications are that in the future, more of a store manager's total pay will be "at risk," based on performance goals and standards. Total salary increases from year to year will be a direct result of incentive dollars based on the attainment (or non-attainment) of goals and objectives. Perquisites (including items like store discounts and tuition reimbursements) are part of store manager compensation in 26% of the responding companies. Commission compensation, which is different in concept from bonus awards, is not a popular incentive system for store managers.

Nationwide, the average annual salary for these specialty store managers is $30,290. The average minimum is $21,979; the average maximum, $47,773. (If a company did not have a formal salary range and could not provide minimum and maximum, we asked for low and high actual salaries.) In general, the higher salaries are paid by the larger companies.

What criteria does management use to determine base salary and bonus? *Base salary* is calculated primarily on store volume and location, as well as length of employment. Performance criteria for

AVERAGE ANNUAL BASE SALARY

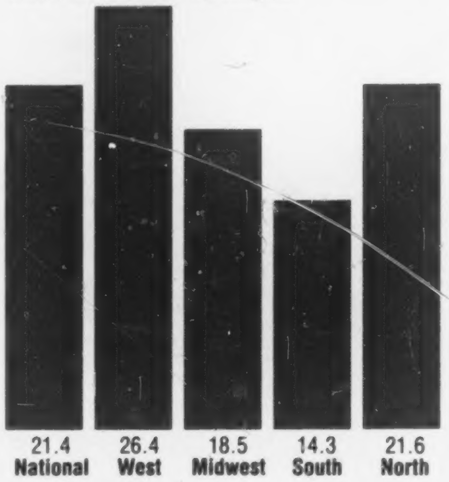
By regions, here are the average annual base salaries for store managers.



Source: Touche Ross

ANNUAL TURNOVER RATE

By regions, here are the average annual turnover rates for store managers.



Source: Touche Ross

base salary adjustments for store managers include, in the order of significance to responding companies: sales volume, shortage/shrinkage, controllable expenses, payroll, and merchandising.

The average annual *bonus* for store managers is $3,786. Average minimum bonus is $1,999; the average maximum is $9,978. When figuring bonuses, management considers primarily net sales, profit margin, and shrinkage in determining the aggregate bonus pool available for all managers. Sales, management decisions, and percentage over plan are the criteria influencing each manager's bonus. Although most survey respondents use a quantitative formula to determine bonus awards, a significant number state they are not pleased with the "calculation process" of awarding bonuses.

Major *perquisites* among most retailers are store discounts and tuition reimbursements. Besides the standard surgical/medical benefits and pension plans that most store managers receive, some (25%) are eligible for company stock, or receive rewards for security (24%) and recruitment (19%).

In terms of *turnover*, the average annual turnover rate of the responding companies is 21.4%. The average length of time in the manager position is 4.9 years. (Turnover in the survey means total separation from the company, not a lateral move or promotion.)

Assistant Managers

When looking at compensation for assistant store managers, we find salary the primary means of compensation. Average annual salary for assistant managers is $20,909. The average minimum is $16,502; the average maximum is $26,169. As many as 31% of the responding companies pay their assistant managers on an *hourly* rather than an annual basis.

Though the *bonus* is a common element in compensation for managers (75%), only 25% of assistant managers receive bonuses. The average bonus for them is $1,214. Discounts and tuition reimbursement are the two most common perquisites assistant managers receive.

The annual *turnover* rate is considerably higher among assistant managers (29.8%) than it is for managers (21.4%). The average length of time in the assistant manager position is three years. Again, our definition of turnover is people who leave the company and does not include those who move up to manager.

Regional Differences

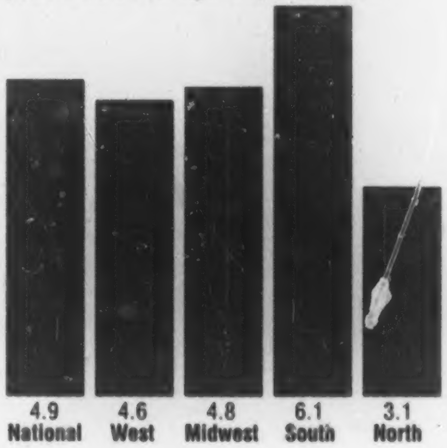
Interesting differences arise from region to region. Store managers in the West and Midwest are receiving the "best dollars," with their counterparts in the South receiving significantly lower average salaries at both the minimum and maximum levels.

When we compare salary to turnover rate, we see an interesting contrast. While the South is the region where salary is lowest, it also has the lowest turnover rate. When both factors are considered, the Midwest seems in the best position, with the highest salaries and turnover at the low end of the scale.

How are we to interpret these salary/turnover relationships? For instance, how do we explain the situation in the South, where turnover is lowest despite the lowest salaries? The answer may be in the unemployment figures, as published by U.S. Bureau of Labor Statistics, year-end 1987. There we see the severity of labor shortage highest in the Northeast, suggesting that managers there have more opportunity to seek work elsewhere and less competition for those jobs. In the Midwest and South, on the other hand, labor is not as serious a problem, which translates into more available workers and less opportunity for job-hopping.

MANAGER LONGEVITY

By regions, here is the average number of years a store manager stays on the job.



Source: Touche Ross

Another explanation for the discrepancies may lie in the differences in salary incentives offered assistant managers for staying with the company. For example, assume an assistant manager in the North is at maximum, $25,526. If he is promoted to manager, he will not be asked to start at the store manager minimum. Practice has been to start that person at close to the *average annual salary* for the region. In the North, that figure is $27,741, only about $2,200 above the assistant manager's current salary. So he may not perceive that figure to be sufficient incentive to take on the added responsibility.

In the South, on the other hand, the assistant manager at the maximum ($22,920) can receive a greater increase if he is promoted to manager at a salary close to the annual average for his region, $26,485. The assistant manager in the Midwest enjoys a similar incentive. The wider spread between assistant manager average maximum and manager annual average may account for the greater longevity in the South and Midwest.

Compensation Strategies

Increased competition, economic market trends, and severe shortages in the labor market aggravate the need for retailers to configure their compensation programs to attract and retain good store personnel.

One point to address is the disappearance of "entrepreneurial spirit" among store managers and assistants. Reasons for the lack of this important quality may be policies that deprive these employees of the opportunity to make decisions that would boost their feeling of importance and their entrepreneurship. Another reason might be salary administration practices that simply do not encourage more than routine performance.

Retailers must work on solutions that increase store managers' contribution to store productivity and, at the same time, improve the administration of their compensation program. Managers and assistants must be made to see how their paychecks reflect their performance.

An important element in any compensation program is a balance between external market rates and internal equity. The market rates gathered in our survey and summarized here can be a place to begin to evaluate your compensation program as it compares to those of others in your area. Then comes the difficult part – creating internal equity. ■

Chilton's

AUTOMOTIVE MARKETING

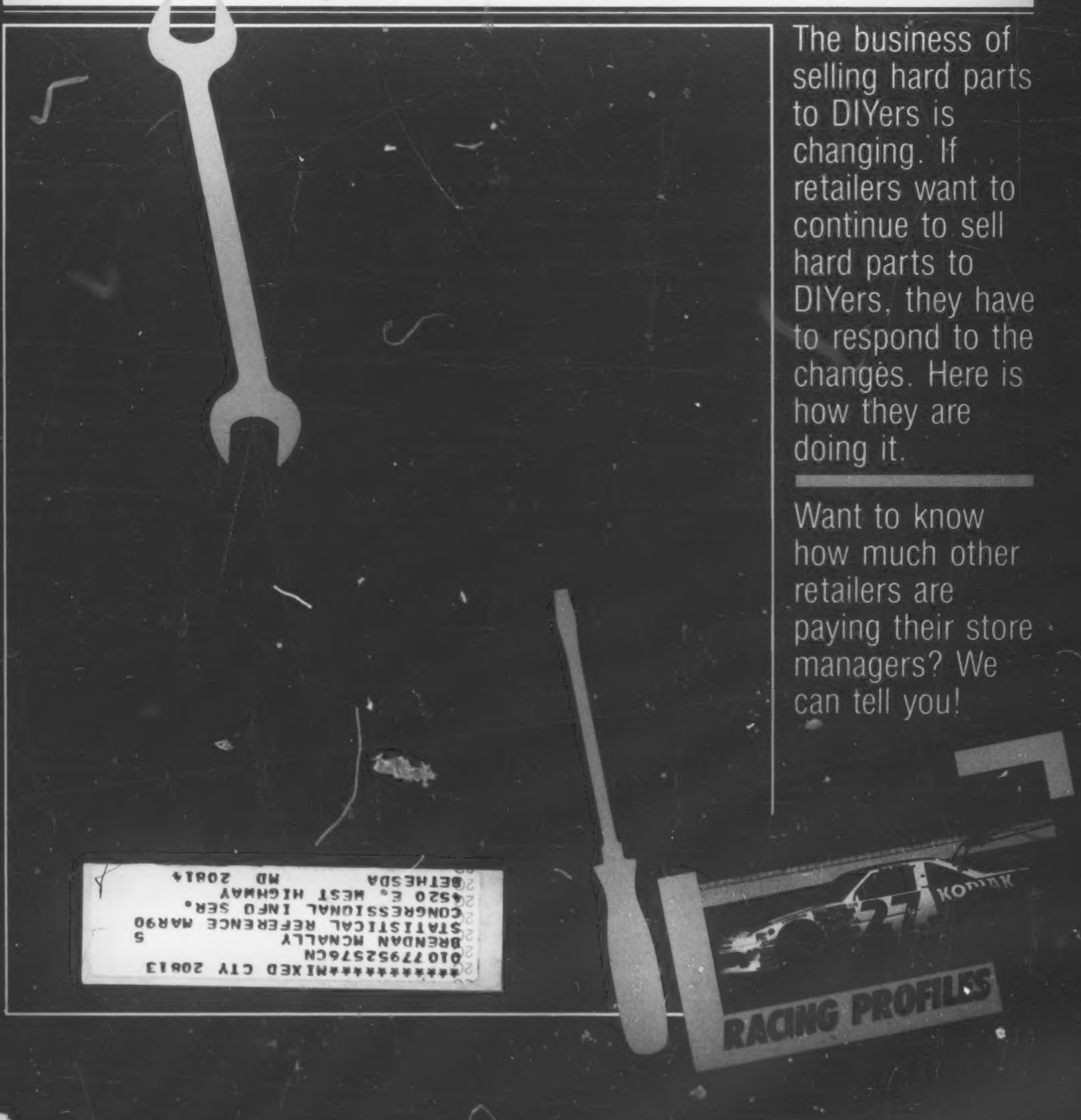
The Marketing/Business Magazine For The Retail Aftermarket

APRIL 1989

$3.50

The business of selling hard parts to DIYers is changing. If retailers want to continue to sell hard parts to DIYers, they have to respond to the changes. Here is how they are doing it.

Want to know how much other retailers are paying their store managers? We can tell you!



***********MIXED CTY 20813
0107795257 6CN
BRENDAN MCNALLY 5
STATISTICAL REFERENCE MAR90
CONGRESSIONAL INFO SER.
4520 E. WEST HIGHWAY
BETHESDA MD 20814

Chilton's
AUTOMOTIVE MARKETING

a Chilton publication

April Issue Volume 18, Number 4

EDITORIAL STAFF
FAX (215) 964-4199

Rosemarie Kitchin,
Associate Publisher/Editor-in-Chief
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

P.R.N. Kotcher,
Research Editor

John Wirebach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Jim Naughton,
Director of Graphics

Janet Lee Taylor,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

CHILTON COMPANY,
ONE OF THE ABC PUBLISHING COMPANIES,
A PART OF CAPITAL CITIES/ABC, INC.
Publishing President, Robert G. Burton
1330 Avenue Of The Americas
New York, NY 10019

Chilton Officers:
Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Publications, Douglas A. Robertson; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P. Kushnerick
Copyright 1989 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.

FEATURES

Hard Parts:
Retailers Meet The Challenge Of A Changing Business 24
Aftermarket retailers face many challenges when it comes to selling hard parts. Here's a look at how they are meeting them.

Racing: Hot Stuff For Retailers 34
Hot cars, hot products, hot sales. That's racing's prescription for heating up your retail business.

Racing Profiles 37
A look at who's who when it comes to supplier-sponsored racing efforts.

How Much Money Store Managers Make 64
Aftermarket retailers pay their managers differently than other retailers, both in terms of how and why.

DEPARTMENTS

Detailing The Market 5
Editorial 14
Market Line 16
Retail Operations 67
Products 69
Rep Guide 71
Ad Index 74
Reader Service Card 75

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢).

PUBLISHER'S NOTES

CHECKING PAY LEVELS

How much do retail parts store managers and their assistants get paid?

We asked our colleagues at Touche Ross to work on a compensation survey with us. You'll find the results in this issue. We bet our paychecks that you'll check your company's pay plans against this report.

You'll probably also check out Contributing Editor Edward L. Kaufman's insightful piece on hard parts sales, and the answers we received to some questions we asked you, our *Automotive Marketing* readers, about the future of hard parts sales in your stores.

There's little doubt about *one* future. Corporate support of auto racing, both at the supplier and retail levels, is undoubtedly on a roll. Read our Racing Profile section for details about how suppliers and retailers spend their money and energy, and win store traffic and parts sales!

The computer people bring many buzzwords to our marketplace. EDI, or Electronic Data Interchange, is among them. Research Editor P.R.N. Kotcher looks at EDI and how it can work for our industry in this issue's segment of our Retail Operations series.

Then there's Detailing The Market and Market Line for industry headlines and news analysis—lots of information for you. We hope you enjoy it. Let us hear from you! ■

Sarah J. Frankson
Group Publisher

DETAILING THE MARKET

IN-STORE FOCUS

CARPORT DISCOUNT AUTO PARTS (THE CARPORT)
Headquarters: 3925 Rice Mine Rd., N.E., Northport, AL 35476
(205) 345-2400
Stores: 28
Total Corp. Sales: $15,000,000 (est.)
Average SKUs: 11,000
Founded: 1983

"What all of us in the retail business are trying to do is satisfy customers. Customer satisfaction is a direct result of employee satisfaction." This is the philosophy behind the success of The Carport, a thriving Alabama chain, according to Harco vice president of diversified operations David Fuhrman.

The Carport was created in 1983, when its parent company, Harco Drug, wanted to diversify into the automotive aftermarket. Harco purchased two jobber/retailers in Tuscaloosa, AL, and rapidly expanded to a 28-store chain.

According to Fuhrman, the secret to the retailer's success lies behind the scenes.

"Employee turnover is especially a challenge for a growing organization," he explained. "If you can maintain good people, that gives you a pool to staff your stores. You need to create an environment for your associates to do their job. You've got to develop a team atmosphere from within."

The automotive parts business operates as part of Harco. Carport's president is Harco Drug president Jim Harrison, Jr. Fuhrman, next in the chain of command, carried a corporate Harco title, but spends about 70% of his time in the Carport division. Answering to Fuhrman are three Carport "key players"—a director of purchasing, a director of merchandising, and a parts buyer.

"The Carpot key executives wear many different hats that don't sound like their job titles. They function as buying executives, merchandising executives, operations, and personel executives. They do it all. They work as a team. It's hard to blame one department when you are all in it together," Fuhrman said.

Faced with very strong competition from such businesses as AutoZone, Western Auto, and Wal-Mart, The Carport has carefully structured its team-player atmosphere by allowing its store managers a degree of autonomy unusual in today's automotive parts chains.

Store managers share ordering decisions with the parent company. "Only about 75% of our SKUs are purchased by our central distribution system," Fuhrman said.

"The rest can be ordered independently by the store managers. They have authorization to make purchases on their own through authorized suppliers."

The reason, Fuhrman said, is "It's very difficult for a buyer in the central office to know what's needed in every town." That's especially true in Alabama, which sees climatic variations from balmy to snowy, and runs the gamut from very rural to very urban.

Nevertheless, The Carport carries similar products in all of its locations. "We are very parts oriented," Fuhrman said. "We carry complete lines in all categories. We're very heavy in rebuilts, ignition, and brake parts. Well over half of our business is parts. Profits from our parts lines amount to 55-60% of our total business."

The outlets also are strong in oil and chemicals. There's a resurgence of popularity in the market area for dress-up accessories and performance parts, particularly carburetors, manifolds and cams. This comes mostly from younger buyers. Pick-up truck accessories are very popular, too.

The chain doesn't carry many wheels, stocks no tires, but does have a full battery program.

Unlike other chains, The Carport is not completely retail. "We are a little more oriented toward the guy who has his own shop," Fuhrman said. This type of "light industrial account" makes up 15-20% of the business, Fuhrman added.

The stores average 5,500 sq. ft. in size, and there are no service bays. There's a strong emphasis on store appearance, according to Fuhrman. The interior graphics are red, yellow, and orange. "We think it's very important that a customer find a clean store to shop in," he said. "This helps differentiate us from the competition."

Most Carport stores have parts counters in the front, either to the right or the left of the door. Gondolas run at right angles to the parts counter. Oils and filters are farthest from the door, to draw traffic through.

The chain advertises heavily. Direct mail and newspaper ads are the preferred advertising outlets, with a major circular just about every other week. Carport uses some TV and radio, too. Specific promotions feature price and product, but the rest of the ads focus on the chain's image—"clean stores with competitive prices, staffed by competent, caring people," according to Fuhrman.

The future of The Carport looks bright, despite its serious competition, Fuhrman said. "As a privately held company, we're never going to be the biggest," he said. "Consequently, our goal is to be the best in the country. With that in mind, we feel we can grow 20-25% a year, within manageable levels. We don't intend to limit ourselves to Alabama, but there are substantial opportunities in this state. When we find a top-notch locations in our market area, we're not going to pass them up. If you pass up the best location in town and someone else chooses it, the choice may not come again in your business lifetime."

DETAIL

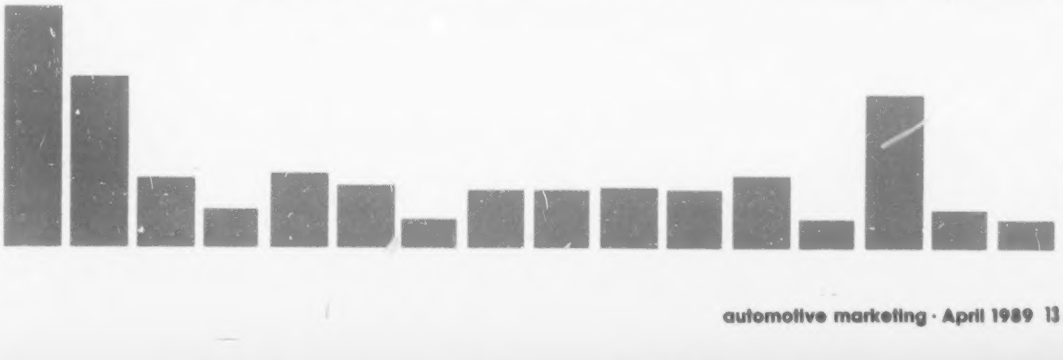
73%

of specialty equipment purchasers spent more than $1,000 on appearance or performance equipment annually, according to the 1989 Specialty Equipment Market Association (SEMA) Market Study.

PROFILE: WAX & POLISH

Drawing from the 1989 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed wax and polish during the previous 12 months.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+ 40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	70.6%	29.4%	15.1%	31.0%	25.5%	11.6%	16.5%	23.3%	24.9%	17.5%	29.8%	10.2%	63.8%	16.3%	9.5%



MARKET LINE

TOP SELLERS

TOP TEN MODELS IN 1988

Once again, the two best selling vehicles in the U.S. were pick-up trucks, and both increased sales in 1988. For the fifth year in a row, light trucks set a sales record with 5,197,000 units sold. Also this year, Ford and Chevrolet had nine of the top ten best selling models.

Rank	Model	Unit Sales
1	Ford Pick-Up	584,169
2	Chevrolet Pick-Up	545,637
3	Ford Escort	387,815
4	Chevrolet Corsica/Beretta	380,301
5	Ford Taurus	374,627
6	Honda Accord	362,663
7	Chevrolet Cavalier	306,267
8	Ford Ranger Pick-Up	298,579
9	Ford Tempo	285,141
10	Chevrolet Celebrity	252,981

Source: Allomatic Industries

CAR SOUND

Tandy Tests Auto Electronics Installation Centers

Retailers who install car sound may soon see a new competitor.

Tandy Corp., Ft. Worth, TX, which also owns about 7,000 Radio Shack stores, is testing Tandy Automotive Electronics Installation Centers in Boston (a freestanding store) and in a Fort Lauderdale, FL, area car care mall.

The test program began with a a third center in Ft. Worth which closed in December after a year. That operation was also a freestanding store and Al Klindt, senior director, Tandy Consumer Services, said, "Freestanding stores are not as good."

The centers have two bays which can hold four cars. The centers install stereos, phones, alarms, radar detectors, tapedecks, and virtually any other electronic accessory Radio Shack stores sell. However, there is no sales area at the centers so they do not compete with Radio Shack stores. Customers must bring in accessories to be installed.

"Over the years we'd had a huge market for DIYers; but we've always had a concern for those who didn't DIY," Klindt said. "The impetus for the centers was that there was a high scale market out there that doesn't want to install cellular phones, but they do want to buy them from Radio Shack."

Klindt said the test should be complete by the end of Summer when Tandy will decide whether to roll out more auto centers. "It's hard to say how many, but at least in major markets," Klindt said. He added that he's been deluged with calls from the operators of auto malls across the country. ■

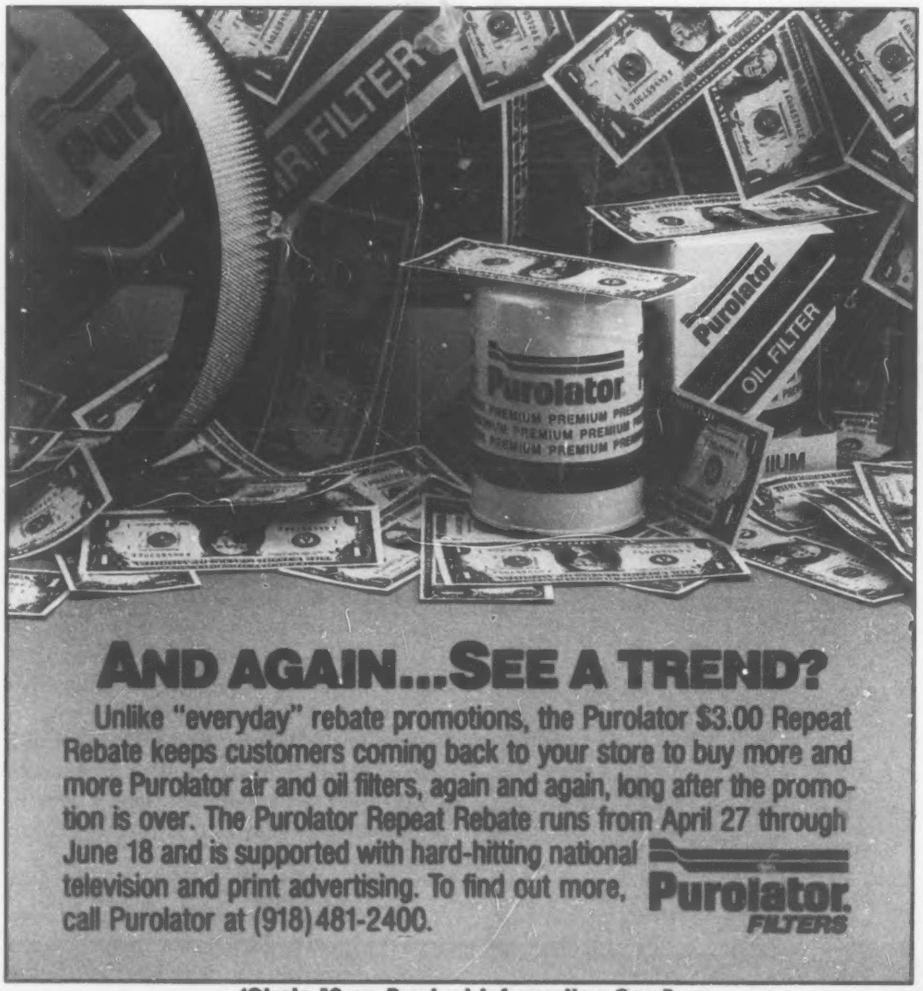
Hi/Lo Chain Has 8.5% Sales Gain In 1988

Michael Young, president and CEO at Hi/Lo Auto Supply, Houston, wrote to us about our February roundup of the Megachains (Market Line, page 19). Young said he is not the owner of Hi/Lo. Hi/Lo was purchased by Saratoga Partners, Ltd., an investment partnership managed by Dillon Read & Co., New York, in 1987. Former shareholders and management also share in ownership. Young also had this to say about Hi/Lo.

We do not suffer from the Texas oil slump. Hi/Lo has never suffered a decrease in sales in its 30-year history. Sales for our 72 stores in 1988 (all of which are in Texas and Louisiana) were $92 million, which was up 8.5% over the prior year on a comparable store basis. We have recently opened two new stores and will be opening four additional stores in the next three months. We won't make your 100-store level (*AM's* benchmark for a megachain is 100 stores in operation) in 1989, but I'm sure we will reach that total in the near future. ■

ADAP Officers

Wayne Yodzio, senior vice president of merchandising and purchasing at ADAP, Avon, MA, wrote following our February roundup story on the Megachains in 1988 (Market Line, page 19) to say that the correct listing as current heads of ADAP should be: John Foster, senior vice president of administration and Yodzio, senior vice president of merchandising and purchasing. Yodzio has been in his position since March 1988. ■

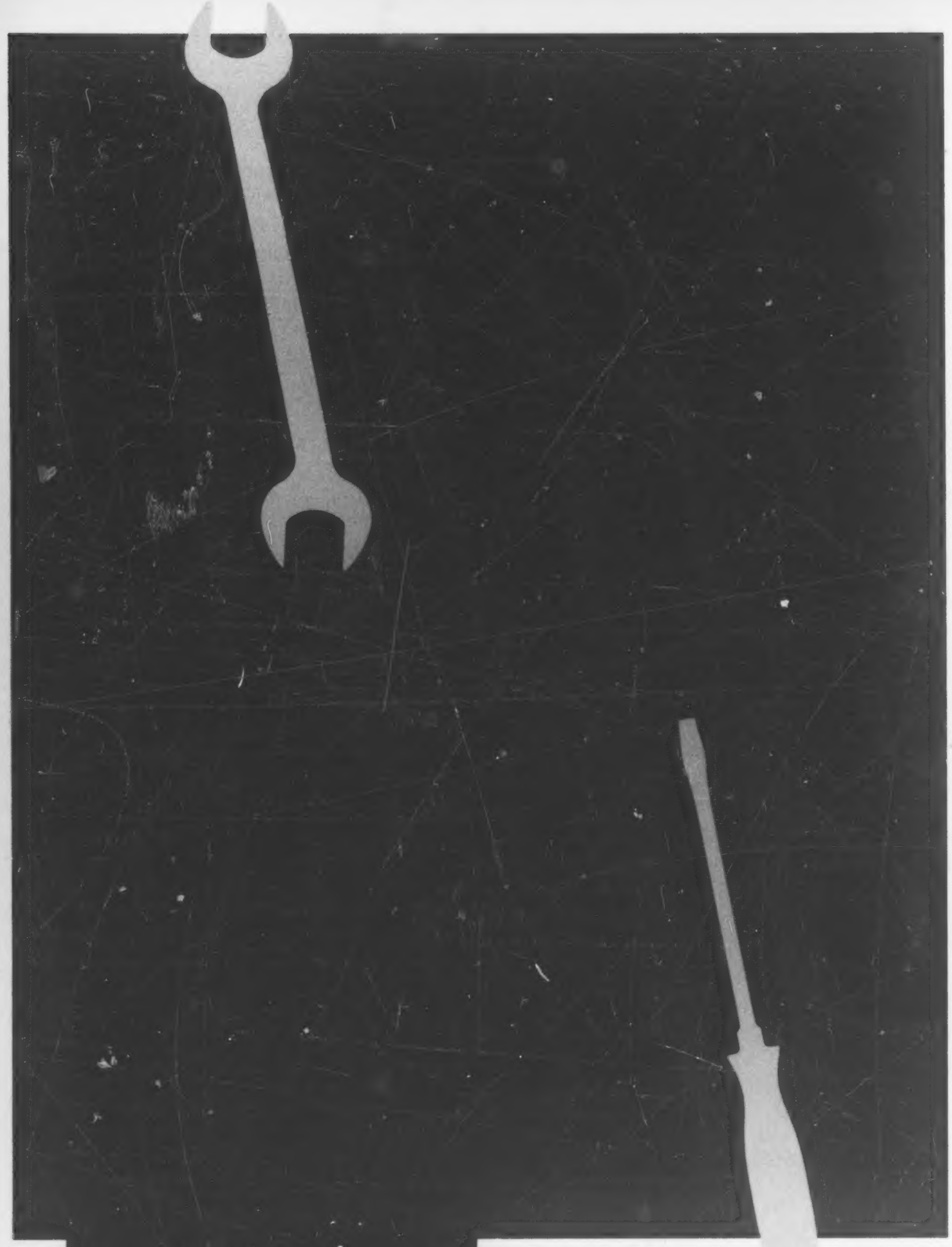


AND AGAIN...SEE A TREND?

Unlike "everyday" rebate promotions, the Purolator $3.00 Repeat Rebate keeps customers coming back to your store to buy more and more Purolator air and oil filters, again and again, long after the promotion is over. The Purolator Repeat Rebate runs from April 27 through June 18 and is supported with hard-hitting national television and print advertising. To find out more, call Purolator at (918) 481-2400.

Purolator. FILTERS

(Circle 19 on Product Information Card)



RETAILERS MEET THE CHALLENGE OF A CHANGING BUSINESS

Aftermarket retailers face many challenges when it comes to selling hard parts. Here's a look at how they are meeting them.

by **Edward L. Kaufman**,
Contributing Editor

Hard parts are big business. In 1989, sales of replacement parts by volume retailers will reach about $9 billion.

And the consumers who buy those parts appear to want more in the way of convenience and *service*. If they continue to be parts DIYers, they will expect more from retailers in terms of parts availability—both for domestics and imports—and sales people who can answer questions about parts.

Although the aftermarket chain stores are strong in sales of carded and blister-packed parts like spark plugs, ignition parts, wire and filters and various bolt-on items such as water and fuel pumps, exhaust, and brakes, the story is different for volume retailers. They've never have had much of a role in selling internal engine parts and drive line parts (what some people consider the *real stuff*), and now they are facing vigorous competition for fast-turn and bolt-on parts business from installation specialists.

Clearly, the parts business has changed, and it is time for retailers to respond to these changes if they want to continue to sell hard parts. There are hard questions for retailers to answer, question like these:

- Has the DIY trend peaked? And if so, what can retailers do about it when it comes to selling hard parts?
- What can retailers do about parts proliferation?
- How can retailers better source parts for imports?

The DIY Question

The volume aftermarket is not, and never was, the same as the "DIY market." Auto chain stores like The Pep Boys and Western Auto, general merchandisers like Sears, Wards, and K mart, to name just a few, have long operated ser-

HOW LARGE IS THE PARTS MARKET FOR RETAILERS?

Retail sales of replacement parts reached close to $30 billion dollars in 1984. For 1989, Lindsey-Kaufman Co.'s preliminary estimate of sales is $37 billion (in the range of $36-38 billion).

In 1984, traditional installers like car dealers, garages and gas stations and specialists like Midas, Jiffy Lube and Precision Tune accounted for 66% of retail parts sales—leaving 34% for volume retailers and jobber/retailers.

These three classes of stores had parts sales of $10.1 billion in 1984. The bulk of these sales (about $8.7-8.8 billion) were over-the-counter.

For 1989, Lindsey-Kaufman Co. estimates that volume retailers and jobber-retailers will have parts sales of about $12.5 billion (in the range of $11.9-12.9 billion). Over-the-counter sales (which are largely, but not exclusively with DIYers) will be in the range of $10.3-10.8 billion.

The 1984, over-the-counter sales of these retailers reached nearly 30% of total retail parts sales. For 1989, Lindsey-Kaufman Co. estimates that these over-the-counter sales will be in the range of 28-29% of the total.

vice bays in addition to dealing with do-it-yourselfers on a take-out basis. Still, there is no doubt that volume retailers get the *bulk* of their business on an over-the-counter basis. That being the case, anything which adversely affects DIY trade can severely affect overall sales and profits.

Has the DIY trend peaked? Is it time for DIY retailers to hedge their bets? And if it is time for bet-hedging, what can the stores do – pursue sales with professional installers? Start, or expand, service bay operations? Both?

There are wide differences of opinion on these questions. A number of the largest – and fastest – growing auto chain stores are (or seem) extremely confident that changes in technology will not mean the decline of the DIY market. They continue to believe that "high tech youth can handle high tech cars."

On the other hand, there is ample evidence to indicate that, on balance, the DIY trend *has* peaked and the *shape* of the DIY market has changed. For example, *Automotive Marketing's* 1989 *Consumer Automotive Repair Study (CARS)* indicated that there has been a sharp drop in the proportion of car owners who do their own tune-ups (from 51% in 1985 to 42% in 1989). The 1989 *CARS* also found that among today's DIYers, those who perform their own tune-ups are likely to be more *involved* in tune-ups – more likely to do a tune-up on a foreign car – more likely to do a tune-up *again* than were the tune-up DIYers of 1985.

So, we may have moved from a relatively wide, shallow DIY market to one which is narrower and deeper. Meaning, fewer-but-more-committed DIY customers – and customers who expect more in the way of service and availability.

Who Says DIY Has Peaked?

Those who believe that the DIY market

THE OUTLOOK FOR BOLT-ON PARTS 1989

Item by item, here is the outlook for various bolt-on parts.

Category/Item	1989 Retail Sales (Est. In Billions)	Trends By Channel
Cooling System	$ 1.68–$ 1.78	
Radiators		DIY gaining, rebuilders declining
Belts & Hoses		Traditional installers strong, DIY active
Water Pumps, Thermostats		Traditional installers strong
Fuel System	$ 5.4–$ 3.2	
Carbs/Carb Kits		Traditional installers active, DIY active, specialists gaining
Fuel Injection Parts		Car dealers strong, specialists gaining
Electrical System	$ 3.1–$ 3.2	
Ignition Parts		DIY active but faster growth for sophisticated installers
Wire & Cable		DIY active but faster growth for sophisticated installers
Alternators		DIY active but faster growth for sophisticated installers
Under Car Systems	$ 7.5–$ 8.0	
Brake Parts		DIY active, specialist gaining
Exhaust Parts		Specialists strong, traditional installers declining
Steering/Suspension Parts (Includes shocks/struts, CV-joints, rack & pinion parts		Faster growth for installers than for DIY-only stores
	TOTAL $14–$15.3	

Source: The Lindsay-Kaufman Co

RETAIL SALES OF REPLACEMENT PARTS*

Item by item, here is the sales outlook for various automotive replacement parts by channel.

Sales By Channel	1984 Sales (Est. In Billions)	1989 Sales (Est. In Billions)
Sales by traditional installers & service specialists	$19.5	$24.1–$25.1
Sales by volume retailers & jobber/retailers	$10.1	$11.9–$12.9
Auto chain stores		
Total	$ 4.2	$ 5.2–$ 5.3
Via service bays	$ 0.5	$ 0.6–$ 0.8
Mass merchandisers		
Total	$ 3.1	$ 3.7–$ 3.8
Via service bays	$ 0.7	$ 0.8–$ 0.9
Jobber/Retailers		
Total	$ 2.8	$ 3.4–$ 3.5
Via service bays	$ 0.2	$ 0.3–$ 0.4
TOTAL	$29.6	$36.0–$38.0

* All types of parts including fast turn items such as filters and spark plugs; bolt-on parts such as alternators, exhaust, and carb parts; and service parts such as internal engine parts and drive line parts

Sources: 1984: Frost & Sullivan's 1985 study of the aftermarket, 1989: Lindsey-Kaufman Co. preliminary estimates

TRENDS FOR PARTS

The replacement parts market can be divided into three major categories:

Merchandising Parts or fast turn parts like filters, spark plugs, wiper blades and automotive lamps.

Bolt-On Parts or quick change parts like belt & hose, alternators, carburetors & kits, muffler, rack & pinion parts.

Service Parts, e.g., internal engine parts, drive line parts.

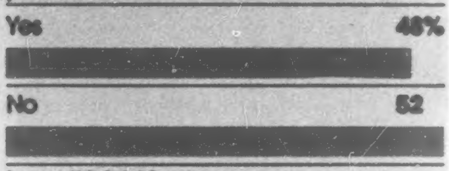
In 1989, retail sales of fast turn parts will be in the range of $4.7 billion to $4.8 billion. DIY-oriented chains are strong in this category because even "light" DIYers find it easy to change filters and plugs. But, easy or not, sales of these parts for installation specialists (quick lube and tune-up specialists) appear to be growing faster than DIY sales. Overall, sales of spark plugs have been declining for a few years because of such factors as lead-free gasoline and the shift to 4-cylinder engines.

On the other side of the parts market are the service parts – things like pistons, piston pins, engine valves, engine bearings and seals, automatic transmission parts, etc. Some DIYers can do anything, including tearing down and overhauling their engines. However, there are not enough of these "heavy" DIYers to represent a fast-moving market for conventional auto chain stores. So, this market is confined to traditional WDs and jobbers plus engine parts specialists.

In the middle, accounting for about 40% of the total parts market, is the big, diverse "bolt-on parts" category. This category is a battle ground for chain stores and the traditional outlets. In general, DIY-oriented chains remain active in these markets, but installation specialists of various types are gaining.

DIY TRENDS FOR COOLING SYSTEM PARTS

Do retailers believe that the DIY trend in cooling system part installation has peaked?



Source: AM's Retail Panel

RETAILERS & COOLING SYSTEM PARTS

We asked our Retail Panel members about the sales of cooling system parts. For the most part, the panel retailers were optimistic about cooling system parts. Most said their sales of parts for this important automotive system would go up, or at least stay the same. Here is what some of the Retail Panel members had to say.

Avis C. Cox of Cox Auto Supply Inc., Yankton, SD, said he expects cooling system parts sales to remain the same as last year. Noyes Turner, manager of Darling's Auto Parts, Brunswick, MA, said DIYers will do more cooling system parts repair and replacement themselves. Frank Johnson, Lacey Automotive Parts, Soledad, CA, agrees with him. Johnson said DIYers are doing more cooling system work, "taking better care of the system," because of the rising price of antifreeze/coolant. Jim Loyd, Midway Auto Supply, Dallas, TX, said his customers prefer to buy higher-ticket new water pumps rather than rebuilts for later model vehicles. Art Badgley, Art's Precision Automotive, Godfrey, IL summed it up best by saying cooling system parts sales will be "onward and upward."

has peaked include parts manufacturers (in nearly all product categories), WDs and jobbers, and *some* automotive chain stores.

For instance, Northern Automotive, one *very* DIY-oriented chain, became a de facto bet-hedger when it acquired a service-oriented chain, Crown. Western Auto pursues retail business over-the-counter and via service bays, but it too welcomes business from independent installers.

Some of the auto parts chains which remain very DIY-oriented prefer not to speak for publication. They include a few of the largest chains in the South and West – regions which have long been very strong for DIY. These retailers tend to believe that there will *always* be a segment of the vehicle-owning population which has both the need and desire to do their own maintenance and repair. Historically, they say, these vehicle owners have always learned what they needed to learn in order to do their own parts replacement.

One such executive said, "Every time there is a technological change we are told that *this time* the new design is so complex that even trained mechanics can't handle it, let alone do-it-yourselfers. They told us that about hydraulic brakes years ago. When disc brakes came in, we were told that DIYers could *never* repair them! Actually, they find it very easy to replace disc brake pads. More recently, they said that there would never be a DIY market for electronic ignition modules – but we are selling a lot of them, too. And now they are telling us that computerized fuel systems are much too complex for DIYers! The fact is, we have DIY customers for computerized feed back carbs, oxygen sensors, temperature sensors and other parts for fuel injection systems."

Parts manufacturers, on the other hand, tend to believe that in the market as a whole, the DIY market share has declined slightly. A senior vice president of one manufacturer said, "The DIY share of the market was about 30% a few years ago and is probably about 20%-to-30% today; not a great decline, but nevertheless a significant change in direction."

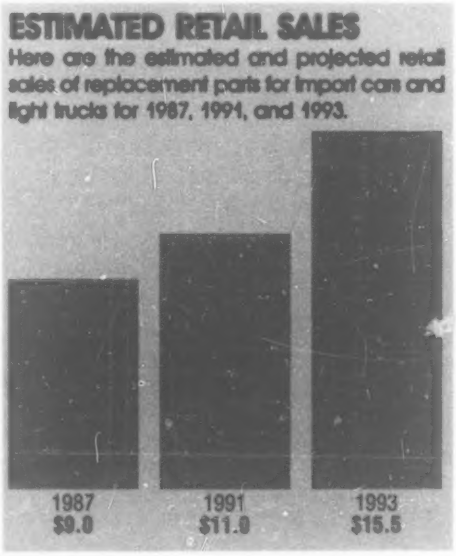
Tim Phillips, who just bought B & B Auto Parts, Renton, WA, believes that the DIY trend has, in fact, peaked – but not because of technological factors.

"It has more to do with changing *demographics*. Many of the baby-boomers – and I am one of them – have the ability to do their own repairs and *like* DIY tasks. But they lack the time! Because they have the money, they are taking their cars to specialists or garages."

Significantly, B & B is making some changes in its strategy. "We have been 75% retail and 25% wholesale. We are aiming at increases in both categories of business, but the emphasis is on raising the wholesale business to about 30-35% of total."

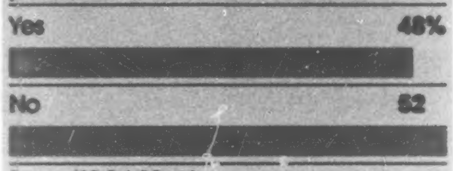
ESTIMATED RETAIL SALES

Here are the estimated and projected retail sales of replacement parts for import cars and light trucks for 1987, 1991, and 1993.



DIY TRENDS FOR EXHAUST SYSTEM PARTS

Do retailers believe that the DIY trend in exhaust system part installation has peaked?



Source: AM's Retail Panel

RETAILERS & EXHAUST SYSTEM PARTS

We asked our Retail Panel members about the sales of exhaust system parts parts. For the most part, the panel retailers were not very optimistic about DIY sales of these parts. Many said their DIY sales of parts for this system will go down as DIYers turn to exhaust specialists for installation. Here is what some of the Retail Panel members had to say.

Elmo Jones, Western Auto associate in Carmi, IL said "I think exhaust parts will decline because of the popularity of exhaust specialist centers." Norm Meinke, 2-M Auto Supply Inc., Lowell, AR, agreed. He said, "Exhaust specialists are selling most of these parts now."

There is a bright side, however. Gene Guttormsen, Gunnar's Auto, Longview, WA, said he could carry fewer SKUs of pipes in his store due to same day or next day delivery from WDs. And a few retailers see sales of exhaust parts increasing. For instance, Noyes Turner, Darling's Auto Parts, Brunswick, MA, and Ken Hottis, Western Auto associate, Sidney, OH, both said they felt DIYers will do more work on this system. And Art Badgley, Art's Precision Auto, Godfrey, IL, said, "With state vehicle inspection again, the sky's the limit in sales."

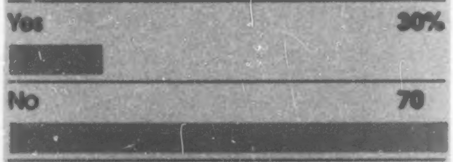
Some Chains Stand Pat

On the DIY question some chains are, in effect, standing pat, some are seeking more business with independent installers and some, those with service bays, are seeking more business on installing parts.

Champion Auto Stores, New Hope,

DIY TRENDS FOR FUEL INJECTION PARTS

Do retailers believe that the DIY trend in fuel injection system part installation has peaked?



Source: AM's Retail Panel

RETAILERS & FUEL INJECTION PARTS

We asked our Retail Panel members about the sales of fuel injection system parts. For the most part, the panel retailers were optimistic, believing that DIYers are just now starting to replace the parts in that system themselves. Here is what some of the Retail Panel members had to say.

Paul Pulley, of a Sears auto department in Clarksville, TN, and Jim Loyd, Midway Auto Supply, Dallas, both said sales of these parts will be up sharply in the coming year. However, Norman Meinke, 2-M Auto Supply, Lowell, AR, said that as of now, he sees very few DIY sales. Frank Johnson, Lacey Automotive Parts, Soledad, CA, said he think he knows why. "Sales of these parts will pick up as soon as people learn more about the system. We need more instructions on these parts now." Manufacturers, take note.

MN, has distinguished itself by its efforts to broaden and deepen the DIY market via the use of how-to-do-it-materials. The chain has made a substantial investment in video discs and disc players for each store. Each disc has segments for several types of repairs such as installing brake pads, installing a sun roof, etc., etc.

At Champion Auto, Bud Rose, CEO, said the video disc program has been costly. But the results have been gratifying and the costs of video disc production have come down substantially. The company has its own subsidiary for producing video disc masters.

Champion has been commended for its commitment to "consumer education." But Rose said, "We prefer to talk about *communication* rather than education. Lots of people think 'education' is a dirty word. They won't admit that they need to be educated."

Champion's approach is admired by many chains. However, one executive said, "We believe in training our personnel—but trying to train customers is a big waste of time and money! Rather than spend money on educating customers, we put our efforts into attracting the customers who already have the know-how. In our case, it means being willing to stock many more SKUs than our competitors and having salesmen on the floor who can talk the customers' language."

The Parts Proliferation Question

Compared to the 1970s, retailers have to stock many more SKUs to provide coverage on replacement parts. This applies to "fast-turnover" items such as spark plugs and filters as well as bolt-on parts. More and more items are "application specific" or cover far fewer makes and model-years than before. This presents problems to chains which try to keep SKUs down to 8,500-9,000 numbers.

At B & B Auto Parts, Phillips (formerly of Schuck's and Northern Automotive) regards the inventory problem as a challenge and opportunity. "The parts business goes to those stores which have the parts in stock. The Pep Boys stores are busy because they carry about 10,000 SKUs. Our stores (six in the Seattle area) carry 17,500 SKUs!"

In general, auto chain stores accept the necessity of adding SKUs to hold hard parts customers. In some cases, they are carrying greater inventories at their central warehouses. They are also pressing their vendors for faster re-supply.

Where the chains divide is on the question of using feeders. Some big chains are adamant about being direct buyers of everything they sell; others, especially the smaller chains, take a more pragmatic position.

"There is an important role for feeders on slower moving, big ticket items. Take CV half-shafts, for example. There is increasing demand for complete half-shafts because they are actually easier to install than the separate CV-joint boots and pieces. But, we can't afford to inventory such a large, high-priced item. The solution is to take delivery from a feeder," Phillips of B & B said.

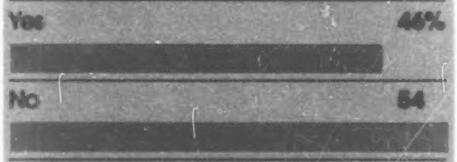
Parts proliferation is acknowledged to be a particularly severe problem on import car and light truck applications. Dealing with parts-for-imports is a big question—or several big questions—in itself.

The Parts-For-Import Questions

That retailers have to stock parts for imports is no longer an issue. However, it is worth noting that some parts manufacturers believe that volume retailers have been unduly slow in responding to the demand.

DIY TRENDS FOR SUSPENSION SYSTEM PARTS

Do retailers believe that the DIY trend in suspension system part installation has peaked?



Source: AM's Retail Panel

RETAILERS & SUSPENSION SYSTEM PARTS

We asked our Retail Panel about the sales of ride control parts. For the most part, the panel retailers were optimistic about DIY sales of suspension parts. Most said sales of these parts will go up or at stay the same. Here is what some of the Retail Panel members had to say.

Avis C. Cox, Cox Auto Supply, Yankton, SD, said he expects more DIY sales of these parts. So does Noyes Turner, Darling's Auto Parts, Brunswick, MA. Frank Johnson, Lacey Automotive Parts Co., Soledad, CA, said, "There will be more sales of shocks, springs, etc. because people are paying more attention to their suspension." And Gene Guttormsen, Gunnar's Auto, Longview, WA, noted, "With the increase of CV-joints, rack and pinion steering, added tool sales will be mandated. Counter knowledge will be a must."

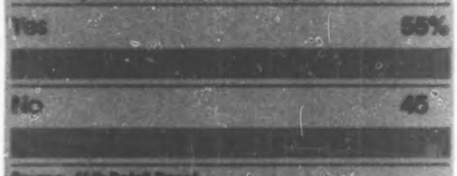
"They have been late—as usual. It took chain stores years to face the fact that the domestic car population is growing very slowly and that all the growth is in import applications. One of the things which has discouraged the chains from competing for import car parts business is that many more SKUs are required than for GM, Ford, and Chrysler products. There are many makes, many models and frequent changes from one model year to the next," one manufacturer said.

Another problem for chain stores is that import vehicle registrations can vary greatly by trading area. So, for example, Chief Auto has much more demand for import parts in its California stores than in its Texas/Southwest stores. In addition, there are variations within regions; there is more demand for import car parts in cosmopolitan Dallas and Houston than in not-so-cosmopolitan Sweetwater, TX.

Problems like these mean that big chains have to work hard to plan appropriate inventory for each store. This, in turn, causes them to prefer to deal with

BRAKE PARTS DIY TRENDS

Do retailers believe that the DIY trend in brake part installation has peaked?



Source: AM's Retail Panel

RETAILERS & BRAKES

We asked our Retail Panel members to give us their insight on the sales of brake parts. For the most part, the pannel retailers were optomistic about brakes. Most said their sales of brake parts would go up, or at least stay the same. Here is what some of them had to say.

Richard Dudley, Northstar Auto Supply Inc., Dansville, NY, said he will be selling more rotors and more drums. Gene Guttormsen, of Gunnars Auto, Longview, WA, said he believes he will see additional sales for brake replacement kits. Elmo Jones, a Western Auto associate in Carmi, IL, said he will sell more high-ticket semi-metallic brakes in the coming year. Noyes Turner, manager of Darlings Auto Parts, Brunswick, MA, said DIYers in his area will do more brake repair and parts replacement themselves. However, Norman Meinke, of 2-M Auto Supply Inc., Lowell AR, said his shop is selling more brake parts to dealers and fewer to DIYers.

suppliers who can provide maximum assistance in assembling and analyzing registration data, and recommending inventory levels for each location.

Volume retailers also evaluate suppliers of import parts on such basic criteria as availability, fill rates, prices, merchandising assistance, return privileges and credit as well as cataloging.

Where To Source Import Parts

One of the big questions is the degree to which volume retailers will source from importer-distributors versus their domestic sources. Retailers are frank in saying that, other things being equal, they prefer to buy parts for imports from the same vendors who supply similar replacement parts for domestics because there are advantages in dealing with a smaller number of vendors.

But during the 1970s, and well into the 1980s, deficiencies in the import parts program of domestic suppliers provided opportunities for importer-distributors who specialize in chain store business. These include firms like IAPCO, MPA and the Import Car World division of Beck/Arnley-Worldparts.

In addition, it took the domestic parts manufacturers quite a while to develop adequate coverage of the applications and build inventories to the point they could provide adequate fill rates.

The situation changed in the late 1980s when the dollar plummeted in relation to Japanese and European currency. This raised the costs of the importer-distributors and gave domestic parts makers the incentive to produce more parts-for-imports in their domestic plants. At the same time, they have also gained sophistication in finding and negotiating with foreign sources. For example, they are now more likely to be dealing with the actual Japanese or Korean makers rather than with the big trading companies.

Import parts manufacturers (and re-manufacturers) are in agreement that volume retailers need to do more to build their positions in the import car parts market. In particular, these makers feel that in order for a retailer to make it selling hard parts for imports the retailer needs to do the following:

- Make a commitment.

Accept the fact that you need to stock parts in adequate breadth and depth to get the business. It also means accepting the fact that initially, a least, sales/inventory ratios may be lower than desired. It takes some investment to gain recognition as a source for import parts. Parts manufacturers have had to make that same kind of investment for years.

- Take advantage of special order programs.

No retailer can stock every part for every make, model and year of foreign make vehicle. What to do? Deal with manufacturers and re-manufacturers who can provide availability on an overnight basis. Gary Esterling, marketing director of Champion Parts, Oak Brook, IL, said, "On a carburetor which may retail for between $75 and $200, take a deposit of $10-15 and arrange for direct shipment to the store. You hold the customer without tying up a lot of money in slower moving, big ticket items."

The Question Of Private Labels

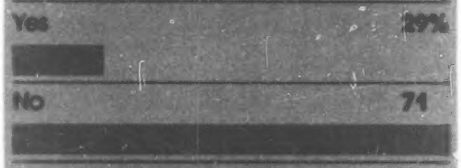
Finally, for retailers there is the question of whether or not to carry a private label hard parts line.

In the old days, many parts manufacturers were reluctant to sell their branded merchandise to direct-buying retailers for fear of upsetting their traditional distributors and jobbers. Retail chains had to fight to get branded products. Some of the biggest chains elected to emphasize sales of their own private labels and promoted them via heavy advertising.

What do we see today? WD "programs" promoting their own private brands, allegedly because of the need to get protection from chain store competition on branded parts. And the trend among chain stores toward branded merchandise appears to be accelerating. Sears and Western Auto, heretofore big marketers of private label parts, accessories, batteries, tires, etc., are, increasingly, promoting manufacturers' brands.

DIY TRENDS FOR RE-MANUFACTURED PARTS

Do retailers believe that the DIY trend in re-manufactured part installation has peaked?



Source: AM's Retail Panel

RETAILERS & REMANUFACTURED PARTS

We asked our Retail Panel members about the sales of all types of re-manufactured parts. For the most part, the panel retailers were optimistic about these hard selling hard parts. Here is what some of the Retail Panel members had to say.

Noyes Turner, Darling's Auto Parts, Brunswick, MA, said DIY sales for all types of re-manufactured parts are on the rise. But for R. Caccauale, Skyway Auto Parts, Summit, NJ, some remanufactured parts are moving fast while others are stagnant. Elmo Jones, a Western Auto associate in Carmi, IL, said, "These parts will remain strong. Most of the re-manufactured parts are bolt-ons, and these are items your average DIYer can still do." And Frank Johnson, Lacey Automotive Parts, Soledad, CA, said, "There will be more use of re-manufactured parts because the quality of these parts keeps getting better." Jim Loyd, Midway Auto, Dallas, spoke for many retailers when he said, "The price of new parts will really have to come down" before they can compete with re-manufactured parts prices in his store.

If nothing else, the business of selling hard parts has changed, and is continuing to change. The key for retailer who want to sell these parts is to be flexible. ■

HOW MUCH MONEY STORE MANAGERS MAKE

Aftermarket retailers pay their managers differently than other retailers, both in terms of how and why.

by **Christine C. Donovan & Cos Ferrara,**
TRADE (Touche Ross Retail, Apparel, Manufacturing & Distribution Enterprises)

The overwhelming response we received to the Touche Ross/*Automotive Marketing* Retail Compensation National Store survey showed that aftermarket executives are very interested in finding out what others in the industry do about store-level compensation. Of the companies receiving questionnaires, we had a 15% response, indicating a thirst for compensation data.

And the figures suggest why. We found a wide divergence, not only in the dollar figures, but also in compensation packages and criteria used to measure responses.

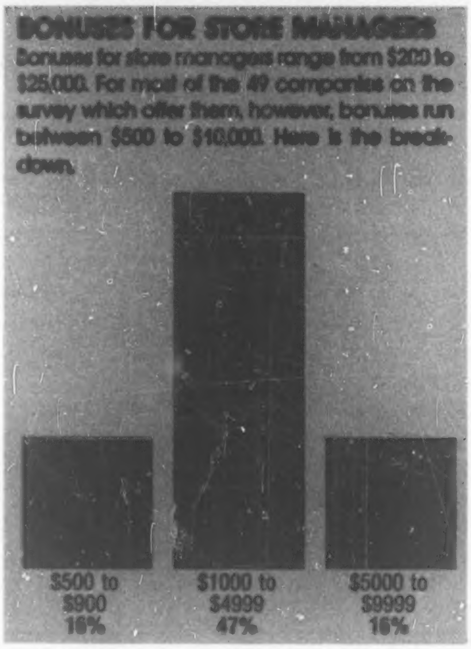
Here are the survey results, and some insights into what they mean. We'll also compare the results of this survey to a similar one conducted among specialty store retailers, such as apparel stores, outside the aftermarket industry. We think you will find the contrasts between the two rather striking.

The Compensation Package

Almost all, some 96%, of the responding companies pay their store managers a salary, and slightly more than half, 51%, pay them a bonus. Some 31% give store managers a commission.

Bonuses are awarded to assistant managers in 30% of the companies, and commission is paid to assistant managers in 15% of the companies.

Most store managers are paid on an annual basis, with salaries reviewed every 12 months. The same is true for assistant managers, though 38% of them are paid on an hourly basis. There seems to be no difference in the final salary figures, however, as there are about as many hourly and annual people at each pay level.



BONUSES FOR STORE MANAGERS

Bonuses for store managers range from $200 to $25,000. For most of the 49 companies on the survey which offer them, however, bonuses run between $500 to $10,000. Here is the breakdown.

Source: Touche Ross

Christine C. Donovan is a research associate at TRADE (Touche Ross Retail, Apparel, Manufacturing & Distribution Enterprises). Cos Ferrara is director of retail publications for TRADE. For more information, call them at (212) 492-2600.

About 7% of store managers receive overtime pay, while 23% of the assistant managers receive extra compensation for overtime.

As for perquisites, store managers in almost all responding companies receive store discounts. Among companies giving perks, 19% of the store managers receive automobiles, and 18% receive auto allowances. About 9% of the respondents reimburse their store managers for tuition costs.

The same kind of perks are offered assistant managers, but by far fewer companies. Though 72% offer assistant managers store discounts, only 4% offer automobiles, and only 6% offer auto allowances. Almost 12% offer tuition reimbursement.

Since tuition reimbursement is a common perk in retailing, we wonder why so few companies in our survey cited this category on their response. Do they not offer it, or are their people just not using it? In either case, what does that suggest about the kind of people running these chains of stores?

Average Annual Salaries

Actual annual salaries for store managers range from $9,500 to $80,000. There are as many companies paying store managers more than $50,000 as there are companies paying under $15,000. If we look at where the bulk of the companies are, however, we find 32% paying store managers between $20,000 and $24,999 a year; 22% paying between $25,000 and $29,999; and 21% paying between $15,000 and $19,999.

The picture for assistant managers shows the greatest number of companies, 36%, paying between $15,000 and $19,999. Some 23% pay between $20,000 and $24,999, and 17% between $10,000 and $14,999. And, 10% pay assistant managers more than $30,000 a year.

Base salaries for store managers are standardized throughout the organization in only about one-third of the companies.

In those companies where base salary is not standardized, sales volume (41%) and length of employment (41%) are the primary elements on which salaries are based. Location is a criterion for about 21% of the responding companies.

For assistant managers, base salaries are standardized in about 27% of the companies. Length of employment is the basis for salary in 36% of the companies in which pay is not standardized. Sales volume is used as a basis for salary by 29% of the companies and store location by 15%.

Merit Increases

A wide variety of performance criteria is used in considering merit increases to base pay salary. Sales volume is used in this decision by 79% of the companies in the survey. More than 58% use gross margin as a determining factor. Half the respondents use years of service and performance, 38% cite controllable expenses, and 32% look to inventory turnover when considering merit increases. Shortage/shrinkage is considered by 28% of the companies.

Interestingly, recruitment is considered as a merit factor by only one company in the survey. At a time when labor is a critical problem in the industry, we wonder why managers and assistant managers are not given more incentive to recruit staff.

When considering merit increases for assistant managers, companies use the same criteria they use for managers, except that they tie assistant managers *less* to gross margin, inventory turnover, shrink, and controllable expenses. The performance management review (57%) and years of service (41%) are the second and third yardsticks, behind sales volume, in considering merit increases for assistant managers.

Bonuses

Bonuses for store managers range from $200 to $25,000. For most of the 49 companies offering them, however, bonuses run between $500 and $10,000. See the chart for a breakdown.

For assistant managers, bonuses range from $45 to $6,000. Among the 36 companies (almost half the survey population) offering bonuses to assistant managers, 37% give bonuses in the $1,000 to $4,999 range. Another 23% give bonuses in the $500 to $999 range. A full 22% give bonuses between $45 and $499.

Bonuses are awarded every 12 months at 54% of the companies, and every six months at 18%. Most of the responding companies have been offering bonuses to managers and assistant managers for five years or more.

To become eligible for a bonus, managers and assistant managers in about half the companies must have a certain number of years of service with the company, and in many cases—41% for managers and 37% for assistant managers—a minimum base salary is a bonus requirement.

What are the bonuses based on? For managers, the number one criterion is net sales, 42%; followed by profit margin, 38%; management decisions, 33%; and gross margin, 31%.

For assistant managers, bonuses are based on management decisions, 43%; net sales, 38%; profit margin, 25%; and gross margin, 20%.

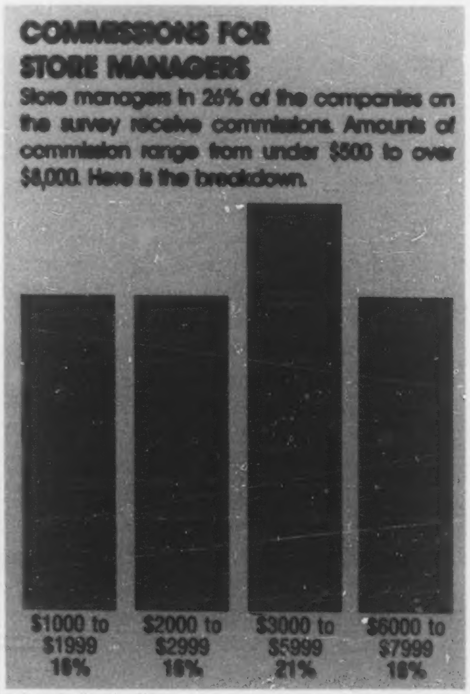
Store managers in 26% of the responding companies receive commission. Amounts of commission range from under $500 to over $800. Some 16% of the responding companies report paying commission to assistant managers. The charts offer breakdowns on these numbers.

Years of Service

Store managers in the responding companies have spent, on average, from three years to 40 years with the company. But except for that one longevity record, most store managers have between three and 15 years of service. More than 34% have been with their companies between six and ten years; 22% have fewer than six years of service; and 19% have between

COMMISSIONS FOR STORE MANAGERS

Store managers in 26% of the companies on the survey receive commissions. Amounts of commission range from under $500 to over $8,000. Here is the breakdown.



Source: Touche Ross

COMPENSATION AVERAGES & YEARS OF SERVICE

Managers of aftermarket stores, on the average, have between three and 15 years on the job. Most assistant managers, on the other hand, have fewer than six years on the job. Here is a look at years on the job, salary, bonuses, and commissions.

	Store Managers		Assistant Managers	
	Auto Stores	Other Specialty Stores	Auto Stores	Other Specialty Stores
Avg. Length Of Service	11.1 Yrs.	4.9 Yrs.	5.1 Yrs.	3.0 Yrs.
Avg. Annual Salary	$25,611	$30,290	$19,323	$20,909
Avg. Annual Bonus	$ 3,127	$ 3,786	$ 1,192	$ 1,214
Avg. Annual Commission	$ 5,794	NA	$ 3,360	$ 6,411

Source: Touche Ross

WHAT COMPANIES GIVE MANAGERS & ASSISTANT MANAGERS

Automotive aftermarket store managers get commission from 26% of the companies responding to the survey. Assistant managers don't do as well. The percentages in the breakdown below represent the percent of companies responding to the survey who give these perks to their managers and assistant managers.

	Store Managers		Assistant Managers	
	Auto Stores	Other Specialty Stores	Auto Stores	Other Specialty Stores
Commission	26%	NA	16%	87%
Bonuses	71%	NA	16%	87%
Cars	12%	3%	72%	84%
Car Allowance	11%	10%	6%	6%
Tuition Reimbursement	9%	38%	8%	36%

Source: Touche Ross

PERFORMANCE CRITERIA USED IN CONSIDERING MERIT INCREASES

Different types of stores use different performance criteria to award merit increases. While sales volume is used by 76% of auto stores when considering such increases for store managers, it is used by 90% of other types of specialty stores.

	Store Managers		Assistant Managers	
	Auto Stores	Other Specialty Stores	Auto Stores	Other Specialty Stores
Sales Volume	76%	90%	59%	59%
Gross Margin	56%	30%	37%	15%
Inventory Turnover	31%	33%	20%	21%
Shortage/Shrinkage	27%	70%	9%	39%
Years Of Service	27%	40%	41%	30%
Controlled Expenses	37%	64%	28%	30%
Performance Review	48%	85%	57%	76%
Payroll	13%	66%	6%	31%
Recruitment	1%	31%	NA	13%
Merchandising	27%	51%	24%	43%

Source: Touche Ross

11 and 15 years of service. More than 72% of the store managers have at least five years of service with their current company. By contrast, 70% of assistant managers have fewer than six years of service with the company. Only 8% of assistant managers have been with their companies more than ten years.

To gain some insight into the make-up of our survey population, we asked questions about gross margin and shortage figures in the stores. As with salaries, we find considerable divergence in these numbers.

For example, gross margin percentages range from 5% to 80%. But the average gross margin is 36.7%, which is closest to the 37.4% for all specialty stores, as uncovered in another Touche Ross retail industry survey. The aftermarket gross margin breakdown is given in the chart.

In terms of shortage/shrinkage, 43% of responding companies report shortages of less than 1% of sales. Another 43% report shortage between 1-2%, while 13% have shortage between 2-3%.

Striking Contrasts

The figures suggest that the auto aftermarket industry is far from unified in its approach to compensation, and in the levels of compensation paid to its managers and assistant managers. We might even infer that in some companies, the method of assessing and rewarding performance is far less from systematic.

As competition weeds out fringe operators, and as technology plays a larger role in the industry's stores, retailers will have to take a sharp look at who they want running their stores and how they can get the most productivity from those individuals. That means developing the right mix of salary, bonus, and commission to ensure quality management, long-term loyalty, and high performance in the stores.

When we compare the results of this survey of compensation in the auto aftermarket to those of other specialty retailers (see *Automotive Marketing's* March 1989 story, "Linking Pay & Performance"), we see some interesting contrasts.

For example, commission is offered to store managers by 31% of the companies in the aftermarket industry, as opposed to only 9% overall. Conversely, bonuses are paid by 75% of all specialty retailers, but by only 51% of auto parts retailers. More aftermarket companies, 41%, give bonuses to assistant managers than do other specialty retailers, 25%.

In terms of average annual salary, there is little difference at the assistant managers' level, but there is a significant difference at the manager level. Aftermarket managers make almost $5,000 less per year than do their counterparts in other specialty stores, $25,611 vs. $30,290.

The difference in average annual salary seems even greater when we look at the difference in average length of time in the position: 11.1 years for aftermarket managers as opposed to 4.9 years for other specialty store managers.

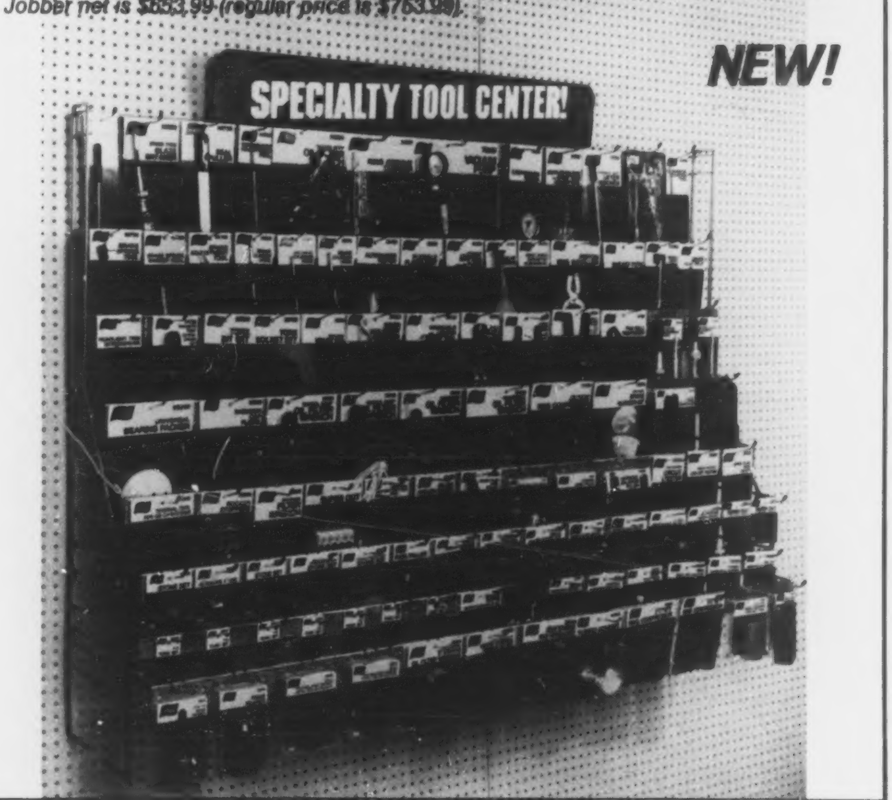
Significant differences are also evident in the performance criteria used to grant merit increases. Gross margin is the only factor considered by more aftermarket retailers than by other specialty retailers. Many more retailers in the other segments consider matters such as shortage, controllable expenses, management review, recruitment, and merchandising than do the aftermarket retailers.

These differences do not mandate any changes within the aftermarket companies, but perhaps they do indicate the need for a second, and perhaps closer, look at compensation in terms of both *what* and *how*. ■

Lisle®

47310/47320 TOP 100 DISPLAY

INTRODUCTORY SPECIAL! $100 OFF JOBBER
Jobber net is $653.99 (regular price is $753.99).



HERE'S A REAL MONEY-MAKING DEAL!

It's the MOST COMPLETE tool assortment we've ever offered, and the display is FREE! Stocks 105 different items in just a 66" x 45" wall area OR use the no charge base and place the display on the floor.

1. *$100 OFF JOBBER. Jobber net is $653.99 (regular price is $753.99).*
2. *The display is FREE.*
3. *SPECIAL TERMS — 2% 90 days.*
4. *Drop-Shipped, Freight PRE-PAID.*

name
company
street
city/state/zip

MADE IN USA

PROMOTION ENDS MAY 15, 1989
LISLE CORPORATION – CLARINDA, IOWA 51632
(712) 542-5101 FAX: (712) 542-3329
(Circle 35 on Product Information Card)

C2150-10
5/4/89

$50.00

Chilton's

1989 RETAIL AFTERMARKET GUIDE

*****************MIXED CTY 20813
0107795257OCN
BRENDAN MCNALLY 3
STATISTICAL REFERENCE MAR90
CONGRESSIONAL INFO SER.
4520 E. WEST HIGHWAY
BETHESDA MD 20814

THE ONLY FACTBOOK OF THE RETAIL AUTOMOTIVE AFTERMARKET EXAMINES:

- THE MARKET
- THE CONSUMERS
- THE EMPLOYEES
- THE STORES
- THE PRODUCTS

PLUS: Comprehensive Industry Directories AND Four Color Catalog Index

CONTENTS

Chilton
abc
ONE OF THE ABC PUBLISHING COMPANIES
ABC Publishing President, Robert G. Burton
1330 Avenue of the Americas
New York, New York 10019

Chilton Officers:
Senior Vice Presidents Publication, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Publications, Douglas A. Robertson; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P.Kushnerick.

Copyright 1989 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year, Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/87 $1.00 + 25¢).

FEATURES

The Aftermarket:
Into The 1990s & Beyond 8
A look at how our market has changed and how it will continue to change into the 1990s.

The People Who Shop In Your Stores 12
A look at who the DIY consumers are, how they buy what they buy, and what kinds of vehicles they buy aftermarket products for.

The People Who Work In Your Stores 19
Every retailer has felt the pinch of employee shortages. Here are some thoughts on what the employees of the future will have to be like and, more importantly, where they will come from.

Should You Be In Service? 25
Sure, you've thought about opening some bays to increase your sales and profits. Here's what that move really takes.

Selling Hard Parts 29
There are plenty of opportunities to sell these profit makers to DIYers. Here's a look at how to do it, and a look at where this important market segment will go in the future.

Selling Accessories 34
There is no end of products for DIYers to hang-on, add-on, or up-grade to for their vehicles. Here's how to take advantage of this booming market.

Selling Chemicals 39
This is a big but mature product category. But there are still big profits to be made.

Planing For Future Growth 44
So, now what?
You want to grow, and here's a plan to help you do so.

DEPARTMENTS

Introduction 5
Aftermarket Distribution Chart 6
Directories 49
- Automotive Retailers 49
- Wholesale Distributors/Feeders 55
- Programmed Distribution Groups 56
- Automotive Franchises 56
- Discount Stores 60
- Drug Store Chains 62
- Food Store Chains 63
- Hardware Distributors 64
- Warehouse Clubs & Hypermarkets 65

Catalogs 69
Rep Guide 77
Ad Index 92
Reader Service Cards 93

INTRODUCTION

There is nothing more constant than change.

We thought of that phrase many times as we put together this, our fourth edition of *Automotive Marketing's Retail Aftermarket Guide*. Even in these final days, as we prepare to put this publication "to bed," the aftermarket that we are familiar with has changed from what it was when we started working on this edition just a few months ago.

Here's just one piece of evidence of how much our market has changed since last year, a quote from our February 1989 Market Line story "1988: List Of Megachains Grows, 974 New Stores Are Added:"

"You might call 1988 a year when the big got bigger. Every one of the 12 auto parts chains we call megachains (chains with more than 100 stores) grew in size, either by swallowing up smaller chains, and/or opening new stores. Between June 1987, when we published our first list of the Top 100 retailers, and December 1988, the 12 megachains added 974 stores."

That's a lot of changes.

And while those changes show positive growth for our market, some people still see a downside. Bigger chains mean tougher competition for everyone. Fewer chains mean each one controls more of the distribution channel, and that means a more difficult sales job for suppliers.

Besides, DIYers and the vehicles they work on are changing, too. DIYers are growing older, more affluent, and, some say, less likely to work on their cars. And the cars seem more complicated than ever before, less DIYable, some say.

But others see DIYers pausing, and then gearing up to work on those "cars of the future." Pull-out and plug-in components are replacing knuckle-busting parts. Perhaps the real change here will just be the amount and kind of dirt that gets under the modern DIYer's fingernails.

We here at *Automotive Marketing* obviously agree with those last thoughts. But we also realize it is not easy keeping an aftermarket business healthy in the midst of all these changes. But then, it never really was, was it?

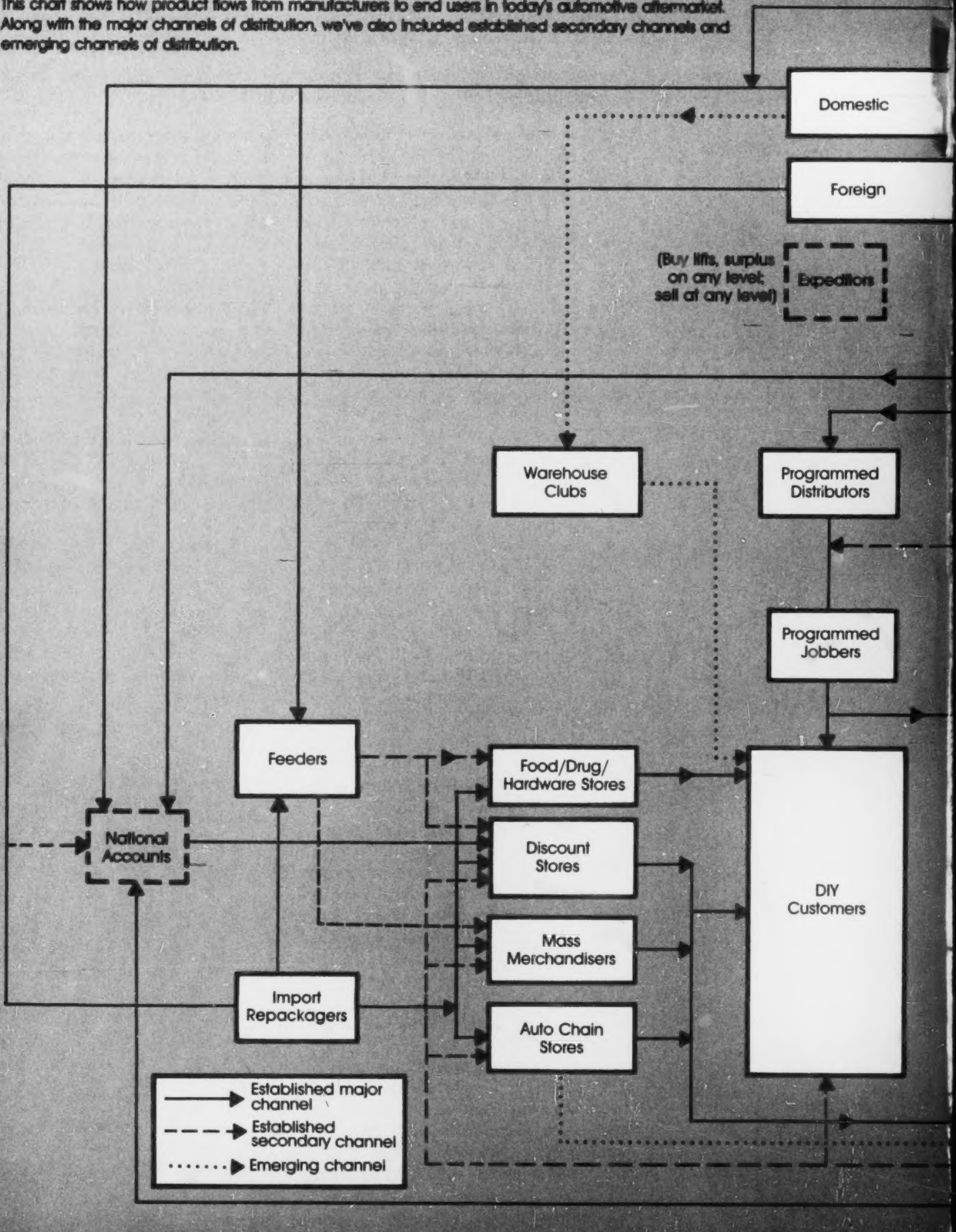
To help you keep your business strong, we offer this, the *Retail Aftermarket Guide*. It's a "best of" effort on our part, a condensation of what we consider our best and most important advice to you in 1988 and the first quarter of 1989. In addition, we include the most up-to-the-second directories possible—given the whims of a publishing schedule.

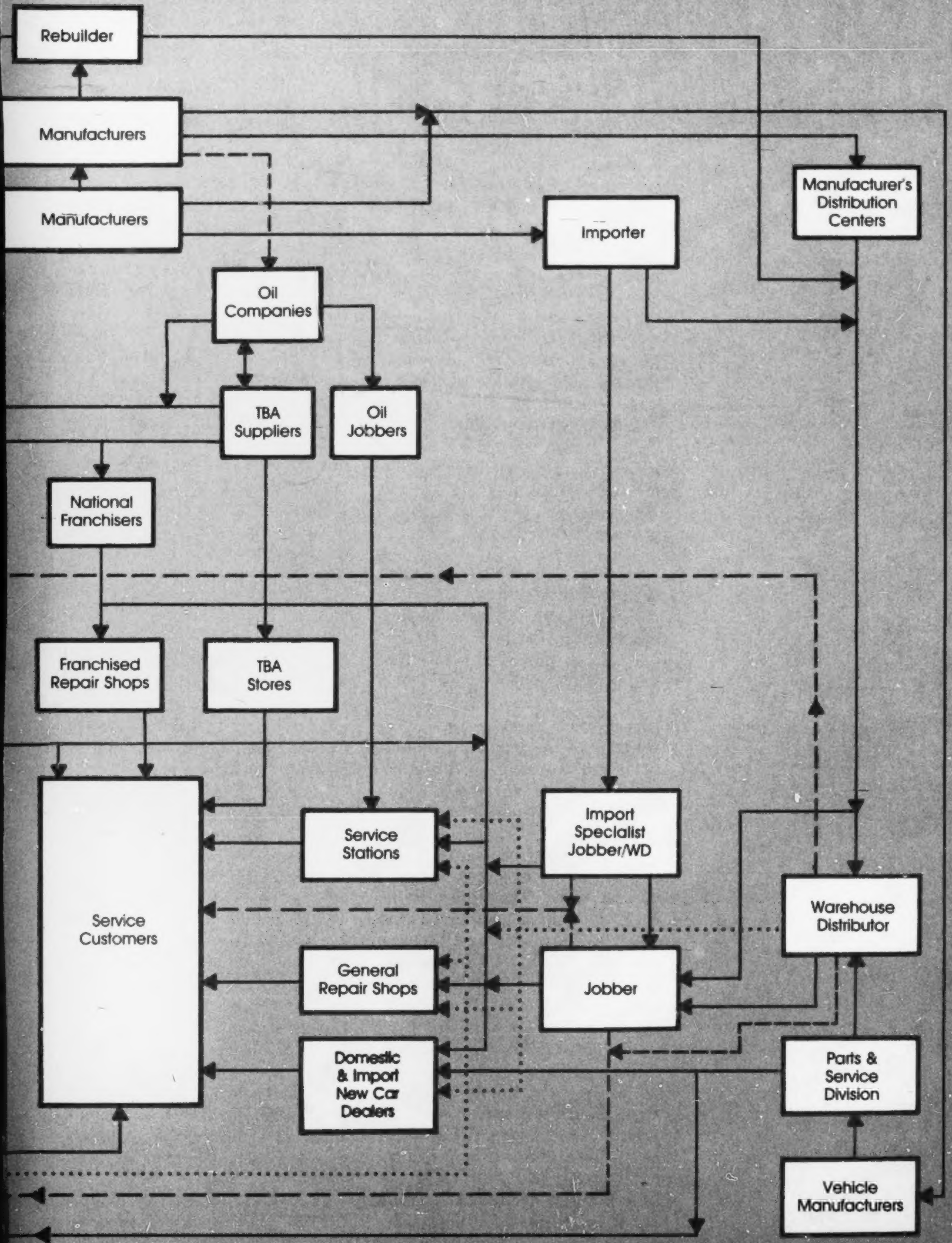
We hope it all helps because no matter how much our market changes, we still believe in it, and in you.

Gail Krueger-Nicholson
Editor, *Automotive Marketing's Aftermarket Guide*

AFTERMARKET DISTRIBUTION

This chart shows how product flows from manufacturers to end users in today's automotive aftermarket. Along with the major channels of distribution, we've also included established secondary channels and emerging channels of distribution.


Domestic
Foreign
(Buy lifts, surplus on any level; sell at any level)
Expeditors
Warehouse Clubs
Programmed Distributors
Programmed Jobbers
Feeders
National Accounts
Food/Drug/ Hardware Stores
Discount Stores
Mass Merchandisers
Auto Chain Stores
DIY Customers
Import Repackagers
Established major channel
Established secondary channel
Emerging channel


Rebuilder
Manufacturers
Manufacturers
Manufacturer's Distribution Centers
Importer
Oil Companies
TBA Suppliers
Oil Jobbers
National Franchisers
Franchised Repair Shops
TBA Stores
Service Customers
Service Stations
Import Specialist Jobber/WD
Warehouse Distributor
General Repair Shops
Jobber
Domestic & Import New Car Dealers
Parts & Service Division
Vehicle Manufacturers

THE AFTERMARKET: INTO THE 1990's & BEYOND

Today's aftermarket breaks down, very roughly, into one-third do-it-yourself (DIY) and two-thirds service segments. The main competitors for the DIY market are retail parts chains, mass merchandisers, and jobber/retailers. Competing for the service market are traditional service outlets, such as gas stations, garages and car dealers, as well as newer service providers such as tire stores, chain store service centers, and the service specialists.

Distribution through and to both segments will change in the 1990s. Here's a quick overview of the changes and what we might expect in years to come.

Questions To Answer

For suppliers, consolidation means fewer potential customers. Today, a supplier is often forced to deal with a megachain, or at least a major chain that controls a large portion of the market. The buying power of the megachains has created an era of distributor-driven retailing. Suppliers are often forced to concede large merchandising allowances.

Competition among the megachains is keen, especially on popular items. The winner is the consumer who can always get a good price. The loser is the small retailer who cannot buy in volume nor buy full ad pages in metropolitan papers. Faced by consolidated chains on one side and hard-working chains like Pep Boys on the other, the little guy is caught in the middle.

One result of this is a growing trend toward WD-owned stores, especially in metropolitan areas where chain stores flourish and jobbers are weakest. In recent years, the number of warehouses owning stores has increased dramatically. Today, there are roughly 3,500 WD-owned jobbing stores. One study found that 43% of WDs own stores. Although some of the WDs may actually be captive or "paper" warehouses (owned by jobbers), an *Automotive Marketing* count of AWDA members turned up 2,017 stores owned by AWDA member warehouses.

Virtually every WD expects the trend toward store ownership to continue. Selling to independents may be the "cleanest way to operate," as one WD put it, but WDs are in a buying mood. The reasons for this are three-fold: first is the failure rate among independent jobbers; secondly, the retail chains continue to expand parts offerings and now offer many parts that previously only jobbers sold; and finally, jobbers are buying less from WDs. A 1987 MEMA jobber study shows that full-line WDs account for only 61% of the average jobber's dollar volume purchases, a 6% drop from 1983. Jobbers are buying more from discount warehouses and direct from manufacturers.

DIYers Are Changing

While consolidation will affect how stores are controlled, it seems that retail sales will probably change little in the 1990s. But the DIYers who shop retail stores in the 1990s will change. They will be a little older (by the year 2000 one out of three drivers in the U.S. will be over 55) and a bit more prosperous than the DIYers of today. They will also be more "technology sensitized," too, due to the growth of computer education and familiarity. But they may not be willing to carry those computer skills over to the world of under-the-hood work, at least not right away.

In fact, the biggest change in DIYers in the 1990s will not be so much in who they are, but in the kinds of auto DIY jobs they do. Those changes will force retailers to re-evaluate the products they sell and how they sell them. A 1986 Delphi forecast released by Dr. David E. Cole, director, Office for the Study of Automotive Transportation, University of Michigan, Ann Arbor, MI, predicts an increase in importance for routine replacement items and fluids in the DIY segment, and for more DIY work with tires, wheels, brakes, and shocks. However, DIY work on traditional ignition systems, non-modular electronics, fuel injection systems, and all engine components may decline.

The Delphi study also gives electronics systems such as computer control modules positive predictions for future DIY activity. DIYers will also get more help from on-board diagnostic systems. Several aftermarket chains already stock and sell replacement computer chips. In the future, retailers will carry more computer goods such as replacement chips while computer software stores will carry aftermarket how-to diagnostic programs.

New Competition

New competition for retailers in the 1990s will come through specialization. For instance, in Corona, CA, Captain Zooms, a chain of stores aimed at the light truck aftermarket, opened in 1987. The light truck market is expanding, and operations like this may prove to be serious competition for retailers. In the performance field, operations like California-based Super Shops already have more than 100 stores. Some performance WDs like the trio of G & M, Capital Heights, MD, Arrow Speed Warehouse, Kansas City, and Competition Specialties, Auburn, WA, have already put together programs like the Performance Corner, a short-line performance program for 800 jobbers and retail stores. And, as import parts become more important, the import specialist jobber will continue to take a share of the DIY market.

Finally, a number of car dealerships now have programs to sell retail parts to DIYers. All of these competitors will have an impact on the retail market.

There is also the possibility of stronger automotive programs in discount/department stores. Full-line discount and department stores have one clear advantage in attracting customers: they offer a customer the chance to buy everything he needs in one place at one time. This is, and will be, an especially important retailing advantage in the future, as consumers have less shopping time. However, mass merchandisers have had limited success in finding their role in the aftermarket. Their total amount of sales in the automotive field is large, but not as large as for other products they sell. On the average, some 6% of discount stores sales, nationwide, are made in their automotive departments. By way of comparison, that's about half their percentage of sales from women's wear.

Service Bays Are Key

The main result of changing lifestyles may be a larger service market. Many retailers are turning to service. Operations like Pep Boys already get as much as 40% of their sales through service, and chains like Chief and AutoZone are testing service programs.

The reason is simple. Changes in lifestyle favor service operations. Not only is the typical American older, but he wants convenience. High income "DINK" (dual-income, no kids) couples are a key target for service marketers. And, as more women own and maintain their own vehicles, the automotive field is

PROGRAMMED DISTRIBUTORS

The top programmed distributors are:

- All-Pro Auto Parts, Andalusia, AL
- APA, Mission, KS
- Auto Value, Chattanooga, TN
- Big A, Houston
- Bumper-To-Bumper, New York
- Carquest, Tarrytown, NY
- Federated Auto Parts, Staunton, VA
- NAPA, Atlanta
- National Pronto, Springfield, IL
- Parts Plus, Memphis, TN

WAREHOUSE DISTRIBUTORS

The top warehouse distributors are:

- A.I. Automotive, New York
- APS Inc., Houston
- Atlantic & Pacific Automotive, Memphis, TN
- Cardis Corp., Cerritos, CA
- General Parts, Raleigh, NC
- Genuine Parts, Atlanta
- Parts Inc., Memphis, TN
- Republic Automotive Parts, Brentwood, TN
- Steego, West Palm Beach, FL
- Straus Frank Co., San Antonio, TX

SERVICE SPECIALISTS

The top service specialists are:

- AAMCO, Bala Cynwd, PA
- Grease Monkey, Denver
- Jiffy Lube, Baltimore
- MAACO, King Of Prussia, PA
- Meineke Discount Muffler, Charlotte, NC
- Midas, Chicago
- Mr. Transmission, Nashville, TN
- Novus, Minneapolis
- Precision Tune Inc., Sterling, VA
- Quaker State Minit Lube, Salt Lake City, UT
- Speedy Muffler King, Morristown, NJ
- Sunshine Polishing Systems, San Diego, CA
- Tuff-Kote Dinol, Highland Park, MI
- Tuneup Masters, Cerritos, CA
- Ziebart Corp, Troy, MI

THE AFTERMARKET: INTO THE 1990's & BEYOND

AFTERMARKET RETAILERS

The top aftermarket retail chains are:

- Action Auto, Flint, MI
- ADAP, Avon, MA
- Advance Stores Co., Roanoke, VA
- Aid Auto, Inwood, NY
- AutoZone, Memphis, TN
- Big Bear Stores, St. Cloud, MN
- Champion Auto Stores, New Hope, MN
- Chief Auto Parts, Dallas
- Discount Auto Parts Inc., Lakeland, FL
- Forest City Auto Parts, Beachwood, OH
- Grand Auto, Oakland, CA
- Hi-Gear Tire & Auto Supply, Capitol Heights, MD
- Hi/Lo Consolidated, Houston
- Nationwise Inc., Columbus, OH
- Northern Automotive, Phoenix
- O'Reily Automotive (Ozark), Springfield, MO
- Pettigrew-Smith Auto Supply, Houston
- Quality Stores, North Muskegin, MI
- R & S Strauss, Union, NJ
- Steego Auto Parts, West Palm Beach, FL
- Super Shops, San Bernadino, CA
- The Pep Boys, Philadelphia
- Trak Auto, Landover, MD
- Western Auto, Kansas City
- Whitlock Corp., Des PLains, IL

DISCOUNT/DEPARTMENT CHAINS

The top discount/department chains are:

- Ames Department Stores, Rocky Hill, CT
- Associated Dry Goods, Norwalk, CT
- Dayton-Hudson, Minneapolis
- Hills Department Stores, Canton, MA
- K mart, Troy, MI
- Sears Roebuck, Chicago
- Stop & Shop, Braintree, MA
- Wal-Mart, Bentonville, AR
- Zayer Corp., Framingham, MA

more cognizant of the female customer who may perfer service to DIY.

Changing lifestyles also favor the repair specialist who applies retail merchandising techniques to service work. Time-pressured consumers will take ten minutes for an economical oil change at a quick lube rather than drop off the vehicle for the day at a service station. Female customers are attracted by the clean shops with pleasant waiting rooms.

The repair specialist will change the service market in the 1990s. A good example is the exhaust business. In 1971, exhaust products were the number one line in traditional WD sales. By 1985, exhaust had slipped to number eight. The main reason was the growth of specialty muffler shops. Muffler specialists now have some 47% of the replacement muffler market compared with about 22% in 1975, according to Goerlichs, Toledo, OH. Although other specialists such as tune-up shops and quick lubes have much lower shares in their categories, their shares are growing.

Jiffy Lube, Baltimore, which opened over 1,000 shops in less than ten years is a good example of the successful repair specialist. Jiffy has good signage, good locations in predictable neighborhoods, and a well presented story: reliable service, no appointment needed, customer friendly hours, and good pricing.

The repair specialists apply the lessons of retail advertising to repair service. The three largest automotive aftermarket TV advertisers in 1987 were Midas Mufflers, AAMCO Transmissions, and Meineke Mufflers. Not far behind were MAACO, Precision Tune, and Jiffy Lube.

Repair specialists also benefit because with the limited types of repair they sell, their training and SKUs needs are drastically reduced. However, this advantage will be reduced as the specialists branch out into second and third service categories.

Specialists Will Do Well

Repair specialists should do very well in the 1990s, particularly as many of them get into the auto malls springing up around the country. There are about 200 auto malls now, and developers predict as many as 2,000 by 1990. Most malls offer eight to 12 repair services in one location. To the average consumer, the auto mall is a complete automotive facility, offering one-stop service shopping.

The repair specialists are already forcing some long-time discount/department store programs to change the way they do business. In 1988, Sears bought Western Auto and went into extensive testing programs for its automotive operations. Another example is Zayre's, which once operated 125 service centers, but dropped service in July 1987.

Indeed, some mass merchandisers have been considering different ways of offering service and have come up with schemes that closely resemble repair specialists. For example, Wal-Mart and Sears are both testing quick lubes, while Zayre's converted a number of its old service centers to discount tire centers, and Montgomery Ward opened "Auto Express" centers that do tire, battery and other installation work, with a 59-minute service guarantee.

Vehicle dealers are showing renewed service strength. Studies show a 6% increase in work at dealerships in 1987. Although there's little direct evidence of this yet, the extended warranties offered by automakers may give the dealerships all the work they can handle in the 1990s. Import car dealers have always maintained a high market share for service, close to 40%, compared to half that for domestic dealers, and domestic dealers are looking to profit from their example. Interestingly enough, auto mall developers see the strong possibility of OEMs or dealer groups setting up repair centers in auto malls. The increasing complexity of new vehicles will also work to the dealer's advantage since new repair equipment will become an expensive proposition for service operations.

Add tire store service programs and revived oil company service operations to the impact of the repair specialists and the new vehicle dealer on the service market, and you see a strong challenge to the traditional repair shops. The response to the challenge by WDs will mean a change in the way WDs operate.

WDs Will Change Too

Of all types of parts sellers, traditional WDs have changed the most in the past 20 years, and will probably (note the qualifying word) continue to change the most in the next ten years.

Challenges to WDs' wholesaler customers will mean the bonds between jobber and WD will continue to tighten. Although horizonal consolidations will continue in the traditional market, vertical integration will probably become more important. Parts proliferation and advanced technology will require jobbers to align themselves closer to a WD.

Add to more parts, the cost of training for new technologies and jobbers are faced with serious challenges. WDs simply cannot afford to let their customer base dissipate. So the future traditional market will more closely resemble the retail market where programs are decided at the highest level.

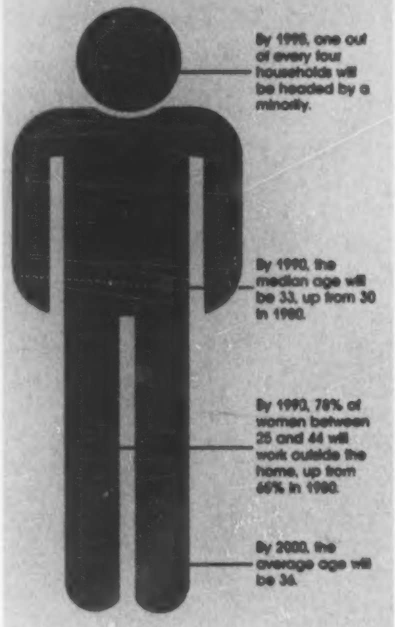
WDs are dealing with the "new" service market in four ways. First, is with an emphasis on reaching the end-user customer, whether the customer is a DIYer or a dealer. Second, is with "master installer" plans that allow jobbers to discount parts to preferred customers. However, as WDs note, jobbers are weak on paperwork and have problems with the administrative tasks involved, and few jobbers are selective enough in choosing customers. Third, is with programs that push programmed distribution one step further to the dealer level. A good example is the NAPA Auto Care Program. The dealer benefits through national advertising and a warranty program, along with training clinics. For the jobber, such a program locks in wholesale customers. The result is a program unified at WD, jobber, and dealer level.

Finally, many WDs are simply bypassing the jobber and selling direct to large repair customers. We expect to see much more of this in the 1990s. Programmed WDs had many problems convincing jobbers to be effective retailers in the 1980s; they don't want the same problem when dealing with a much more important (to them) wholesale market. ■

This section was written by John Wirebach. For more information, see the following *Automotive Marketing* stories: *"Aftermarket Retailing: Into The 1990s & Beyond,"* January 1988, and *"The Future Of The Aftermarket,"* October 1988.

THE CONSUMER OF THE 1990s

The consumer is changing, and those changes will change the aftermarket. Ethnic groups and older people are the fastest growing groups in the country. By 1995, one out of every four households will be headed by a minority. By 1990, the median age will be 33, up from 30 in 1980. Also in 1990, 78% of the women between 25 and 44 will be working women, up from 65% in 1980. By 2000, the average age will reach 36. The lack of time is becoming one of the most important factors affecting businesses.


By 1995, one out of every four households will be headed by a minority.
By 1990, the median age will be 33, up from 30 in 1980.
By 1990, 78% of women between 25 and 44 will work outside the home, up from 65% in 1980.
By 2000, the average age will be 36.

Source: The sales planning division of Procter & Gamble.

THE PEOPLE WHO SHOP IN YOUR STORE

We're always amazed at the sheer volume of numbers in the literally hundreds of raw data tables that appear in our annual *Consumer Automotive Repair Study (CARS)* report.

The numbers are almost too much to get into text or charts so they can be easily understood and used. Yet, the data is vital for any retailer trying to reach the do-it-yourself (DIY) market.

This year, therefore, we're highlighting what the tables tell us, to let you draw your own conclusions about today's DIYer. As Joe Friday used to say, "Just the facts, ma'am, just the facts." Here, then, are the facts:

General Highlights

- In all, 57.7% of all household vehicle owners who are responsible for the maintenance and care of a vehicle do some sort DIY work. In addition, another 9.0% of people in a household with a vehicle also do some DIY work even though they are not actually responsible for the vehicle.
- Nationally, 63.4% of all DIYers spend between one and five hours monthly on automotive DIY work. Men and women DIYers are roughly equal in this area.
- As expected, DIYers with three or more vehicles spend more time doing automotive DIY work than those with fewer vehicles. Some 37.7% of those with three or more vehicles spend six or more hours per week on DIY work compared to only 18% of those with one or two vehicles.

Asking For Help

We asked DIYers if they asked for help when picking out an automotive aftermarket part, accessory, or chemical product. Here're the highlights of what we found:

- The majority of DIYers, 76.2%, do not ask for help when they shop for automotive products.
- Only 17.7% of male DIYers ask for help, while 35.4% of female DIYers want help choosing a product.
- Younger DIYers also are more apt to seek professional help than older ones. Of those younger than 25-years-old, 37.9% asked for help, while among all DIYers over 25, only 20.6% asked for help.
- DIYers at all income levels are similar in terms of asking for help, with one interesting exception: 82.3% of DIYers with an annual household income of between $30,000 and $40,000 shop for themselves, compared to around 75% of all other DIYers by income level who shop for themselves.
- As may be expected, the more hours DIYers spend on DIY work, the less they ask for help. In all, 81.5% of those who spend six or more hours a month on such work shop for themselves, compared to 69.5% of those who spend one hour or less a month.
- The more cars a DIYer maintains, the less apt is he to ask for help. Of those with three or more cars, 81.4% shop for themselves, while 69.9% of those with one car shop for themselves.
- Of those who have decreased their level of DIY involvement, 77.8% shopped for themselves, while 76.4% of those who have increased their DIY level involvement shopped for themselves—in other words, there is virtually no difference in these groups.

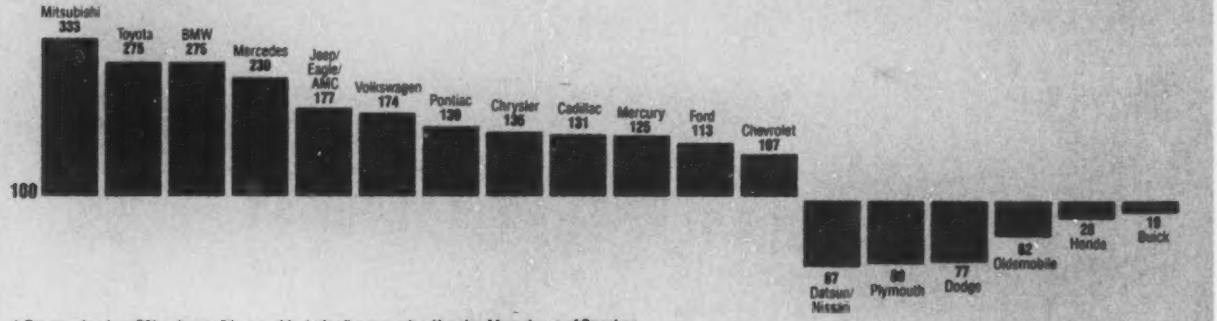
What They Can Do

We asked DIYers what sort of automotive DIY abilities they thought they had. Could they do anything, most jobs, some jobs, or almost no

THE PEOPLE WHO SHOP IN YOUR STORE

THE CARS SERIOUS DIYERS OWN

We asked all DIYers the name of the car that they maintain. Then, we compared the cars owned by serious DIYers – those who put in more than 11 hours each month on DIY work – to the cars owned by all DIYers. In this chart, "all DIYers" is expressed by the number 100 and what follows is an index of the cars most owned by serious DIYers.



* Groups of serious DIYers to small to count includes those owning Lincolns, Mazadas, and Porsches

jobs? Here is what they said:

- Almost half, 49.2%, of all DIYers put their abilities at only "some jobs."
- Women are less confident of their automotive DIY abilities than men. No women said they could do "any job" and only 11.4% felt they could do "most jobs." The majority of women, 55.3%, said they were able to do only "some jobs" and fully one third felt they could do "almost no jobs". Among men, on the other hand, 46.5% felt they could do "some jobs" and 32.6% could do "most jobs."
- There was virtually no difference by age or income in groups who put themselves into the different ability categories.
- As might be expected, 22.6% of those who spent more than 11 hours a month on DIY thought they could do anything on a car, while only 1.7% of those who spent less than one hour a month did the same. The more DIYers do, the more they think they can do.
- Only 2.6% of DIYers who maintain one vehicle thought they could do anything, while 16.5% of those with three or more vehicles felt that way.

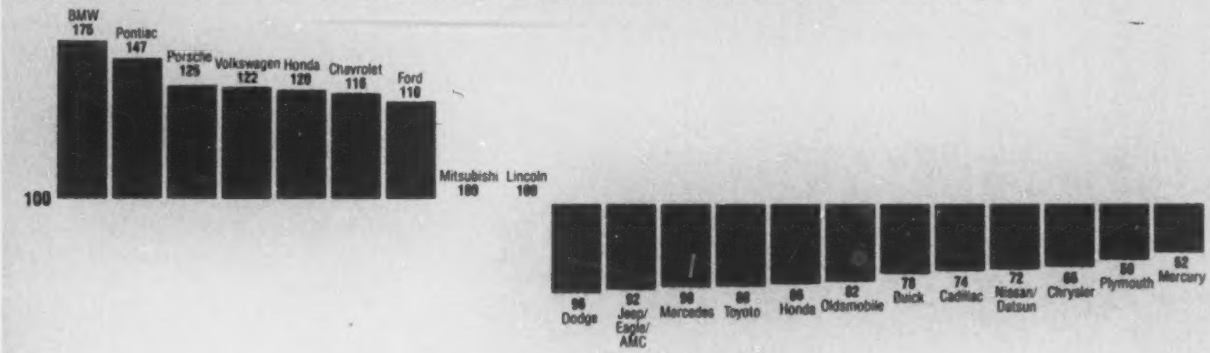
How Much They Like DIY

We asked automotive DIYers how much they enjoyed automotive DIY – a lot, somewhat, not too much, or not at all. Here's what they told us:

- "Somewhat" is what 40.3% of DIYers said, while another 24.5% said "not too much." Among those remaining, attitudes are polarized, with 24.5% enjoying DIY "not too much" and 14.5% "not at all." But, 20.7% enjoy it "a lot."
- Of women, 55.8% said "not too much" or "not at all."
- Of those 45 to 54-years-old, 43.6% said "somewhat," compared to only 33.2% of those who said "somewhat" who were less than 25-years-old. DIYers aged between 25 and 44 enjoyed DIY about in the same percentages as those who were 45 to 54. On the other hand, 28.7% of those under 25 said they liked it a lot, compared to only 20.1% of those in the 45-54 age bracket who said the same thing.
- It should be no surprise that 46.9% of those who spent 11 or more hours a month on DIY like it a lot, compared to only 11.1% of those who spend one or less hours a month on it.

CARS OWNED BY DIYERS WHO HAVE INCREASED THE AMOUNT OF DIY WORK THEY DO

We compared the makes of cars owned by DIYers who said they increased their DIY activity to all DIYers. In this chart, "all DIYers" is expressed by the number 100 and what follows is an index of the cars most owned by DIYers who have increased the amount of DIY they do



- The more vehicles a DIYer is responsibile for, the more he or she enjoys the work. Only 15% of those responsible for one vehicle like it "a lot," compared with 33.9% of those responsible for three or more vehicles.

DIY Involvement

We asked automotive DIYers if, over the past five years, the level of their involvement in automotive DIY has increased, decreased, or stayed the same. They told us:

- Almost half, 46.7%, are doing just as much now as they did five years ago, no more, no less. On top of that, 33.4% have actually increased the amount of DIY work they do.
- Among women DIYers, 43.0% are doing more now than they did five years ago, compared to only 29.2% of all male DIYers.
- Of those making more than $40,000 annually, 30.8% are doing less DIY work than they did five years ago, while only 15.2% of those making less than $20,000 annually are doing less DIY.
- Among those who put in one or fewer hours monthly on DIY, 64.0% haven't changed the level of their DIY involvement. However, only 19.6% of those who put in 11 or more hours monthly haven't changed—67.4% of this group has increased their DIY level.

Vehicles They Maintain

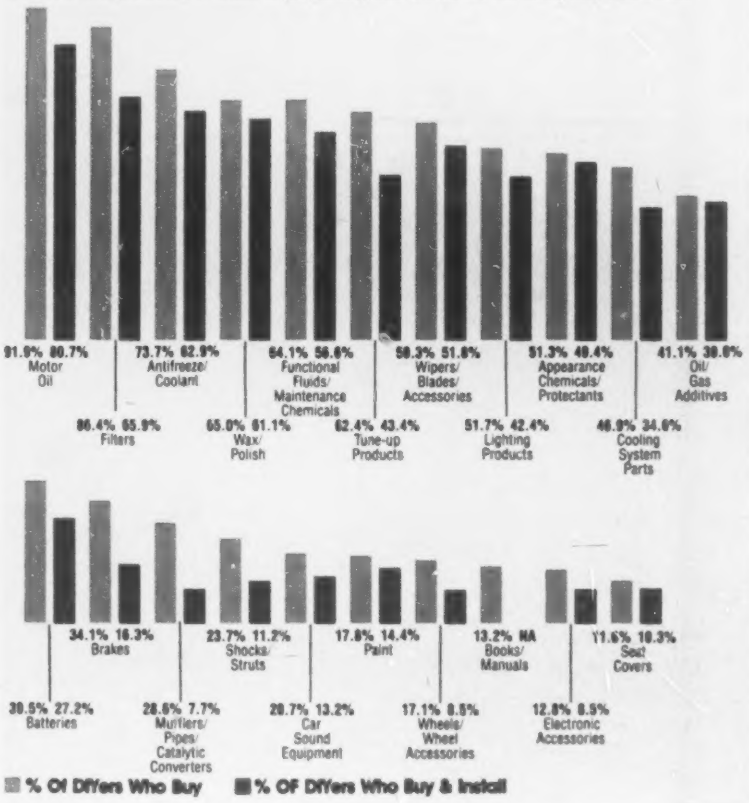
This year, we concentrated on the vehicles DIYers maintain. According to what they said:

- In all, 94.2% of DIYers maintain a car. This general percentage, give or take a few points, was true for all specific demographic types questioned.
- Among all DIYers, 31.1% maintained a light truck. Of all male DIYers, 38.7% maintained a light truck, while only 13.6% of women DIYers were light truck maintainers. Of those DIYers maintaining three or more vehicles, 64.3% maintained a light truck.
- Of all DIYers, 9.3% were responsible for a van's maintenance. The largest single group of DIYers who maintained vans were those with three or more vehicles: 25.1% of them maintained a van.
- Among DIYers, 4.4% were responsible for maintaining a utility vehicle. The largest groups of utility vehicle maintainers were aged 45-54, 9.9%, making more than

THE PEOPLE WHO SHOP IN YOUR STORE

WHAT DIYERS BUY AND INSTALL

Here are the products, in order of popularity, that DIYers on our study buy and install.



$30,000 annually, 15.5%, and owning three or more vehicles, 13.8%.

Detailed Vehicle Data

We asked specifics about the vehicles DIYers maintain. DIYers told us:

- General Motors' cars were owned by 44.8% of all DIYers.
- Ford Motor Co. cars were owned by 20.3% of all DIYers.
- Chrysler (including Jeep/Eagle/AMC) cars were owned by 13.1% of all DIYers.
- Toyotas were owned by 5.1% of all DIYers.
- Nissans/Datsuns were owned by 3.9% of all DIYers.
- Higher priced European cars, including Mercedes, Audis, Porches, Volvos, and BMWs, were owned by 3% of all DIYers
- In all, 51% of all cars DIYers maintain are 1982 or pre-1982 model years. Interestingly, according to the Motor Vehicle Manufacturers Association (MVMA), 61.8% of all cars registered are 1982 or pre-1982 models.
- In all, 11.3% of all cars DIYers maintain were 1970 or pre-1970 model years—largely hobby cars. Indeed, 0.2% of these cars were made prior to 1910. MVMA figures indicate that 7.3% of all registered cars were 1970 or pre-1970 models. ■

This section was written by P.R.N. Katcher. For more information on DIYers and consumers in general, see the following *Automotive Marketing* stories: "Get To Know Your Customers," November 1988, January 1989; "The Consumer Automotive Repair Study," March 1988, March 1989.

THE PEOPLE WHO WORK IN YOUR STORE

In 1983, there were about 309,700 people working as sales clerks, stockroom helpers, countermen, assistant managers, and other hourly employees in the automotive aftermarket. By the end of 1995, about 341,300 people will be needed to fill those positions.

Still, each year, help wanted ads go unanswered and entry-level customer contact positions go unfilled. If the positions are filled, it is often the result of "wage wars" as aftermarket retailers try to out-bid fast food chains and other retail specialty stores for the ever-dwindling number of entry level workers. And when the positions are filled, they are often filled by unmotivated, undisiplined, unskilled workers, according to some retailers. These are workers retailers would rather not hire if they had a choice. But they no longer seem to have a choice.

The issue of employment in the aftermarket is important today. The issue of employment in the aftermarket will be critical tomorrow.

Who's Minding The Stores?

Just who does work in the aftermarket today? Who filled those 300,000-some-odd hourly positions in 1988?

"Most of them are young people, unsure of what they want to do. They try out several types of jobs to find what they really like, where they fit in," the director of personnel for the 330-store Nationwise chain said in a 1988 interview. The chain, based in Columbus, OH, employed about 2,500 hourly people, about 500 of them part-time, at the time of the interview.

"This may be their first job, and they look to gain from the job rather than bring skills to it. They may be experienced with automotive, they may not. It may be that their basic skills are not as good as they used to be," the spokesperson said.

Not surprisingly, a survey of *Automotive Marketing's* Retail Panel found that the hourly employees of the aftermarket are primarily young white males with high school educations. One Panel member described them as "semi-skilled workers."

These hourly employees made between $13,308 and $14,449 annually if they worked full-time; or about $3,514 if they worked part time, Ann Tanhoff, of APAA's Foundation for Aftermarket Industry Research (FAIR), said in 1988. If they worked full-time, they put in from 2,087 to 2,598 hours each year; an average of 1,154 if they worked part-time.

Most stayed at their jobs between one and five years, according to Retail Panel members in 1988. About 5.5% of them leave their jobs each year to be replaced by similar workers, according to a FAIR study. Most of the stores where they work employ between five and seven hourly workers. Usually just over half of them work there full-time, according to the Retail Panel.

In general, the members of the Retail Panel were dissatisfied with their hourly employees. "We have a hard time finding someone who is really interested in the job, not just in getting a paycheck," one member said.

Nevertheless, these same employers will bend over backwards to keep someone whom they consider to be a "good" employee on their payrolls. "We give them special caring attention," another retailer said.

Why go to extremes to keep hourly employees, hourly employees who are often unsatisfactory to their employers? Because help – any kind of help – is hard to find.

The labor shortage can be explained in a few simple, declarative

THE PEOPLE WHO WORK IN YOUR STORE

WHO WILL MIND THE STORES:

HOW DO THEY FIND NEW EMPLOYEES?

We asked our Retail Panel: "What do you do when you need to hire new sales clerks, stock room helpers, countermen, and assistant managers?" Most stores turn to their current employees for help.

Put A Want Ad In The Local Newspaper	44%
Put A Help Wanted Sign In The Window	12
Get Referrals From Current Employees	65
Hire Relatives Of Current Employees	10
Recruit At Local High Schools And Vo-Tech Schools	47

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

WHO WILL MIND THE STORES:

HOW DO THEY INTERVIEW?

We asked our Retail Panel: "How long do you take to interview potential new sales clerks, stock room helpers, countermen, and assistant managers?"

More Than 1 Hour	9%
At Least 1 Hour	15
30 To 40 Minutes	21
15 To 30 Minutes	44
15 Minutes Or Less	12

We also asked our Retail Panel: "Do you interview potential new hires in person, over the phone, or both?"

In Person	83%
Over The Phone	10
Both	7

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

sentences: The population growth rate is leveling off. The U.S. Bureau of Labor Statistics says the population growth for civilians 16-years-old and older will drop from a rate of 1.4% per year in 1986 to about 0.8% in 1995. The same source says the population of Americans between 16 and 24-years-old, the prime age for entry level workers, will drop from 23.5 million in 1986 to about 21 million in 1995. The result is fewer new workers. But there will be more jobs to fill – about 130 million jobs in 1995 compared to 110 million jobs in 1986. Between 1986 and the year 2000, about 1,200,000 of those new jobs – an increase of 33% – will be in retailing.

Aftermarket retailers are already feeling the pinch. Fully 71% of *Automotive Marketing's* Retail Panel members said they had trouble hiring hourly employees.

A Look To The Future

The important question for the aftermarket is where will future workers come from? And, another important question is, what will they need to be like?

According to a profile developed by the Task Force On Human Resources Development, the aftermarket workers of the future will have to be more technically oriented than ever before because of the extensive use of computers in the stores, in the service bays, and in the vehicles. And future aftermarket workers will have to be more customer and customer-service-oriented than their counterparts today.

The Task Force is an industry group made up of members from APAA, the Automotive Warehouse Distributors Association (AWDA), the Motor Equipment Manufacturers Association (MEMA), the Automotive Service Industry Association (ASIA), and the Automotive Service Association (ASA).

The worker profile that the Task Force developed will be a hard role to fill based on today's hiring practices. Retail stores use the same recruitment techniques today that they did in 1950, according to a National Retail Merchants Association (NRMA) study called "An Assessment Of Labor Shortages In Retailing." (Some 88% of retailers still rely on "walk-ins" as their primary recruitment means.) The minimum wage is still the going rate in most aftermarket stores. (Some 40% of our Retail Panel members said the average starting wage for hourly help hired in their stores in 1988 was between $3.50 and $4 per hour.) And, so far, only a few innovative ideas on how to find, hire, and keep those technically oriented, customer service-minded, aftermarket employees of the future have been generated by aftermarket employers.

But retail industry experts say new ideas must come from somewhere. Here's a look at some of the changes – changes in attitudes, recruitment, training, and pay methods – that the experts say will have to be made in order to meet the aftermarket's future staffing needs.

The Management Connection

The first thing that will have to change is management's attitude toward employees, Sherman Titens, president of the Fromm Institute and strategic planning consultant for AWDA, Kansas City, said in 1988.

"Management has to change. There has to be a new awareness of ourselves, a new value system that recognizes that the stores' overriding function is to satisfy the customer, not to sell parts. But that can not be done until we – the management – buy into that idea from the top down," Titens said.

"Buying into it" means using a

different attitude when you hire, according to Titens. As long as management hires against a task, to just fill a job, there will be problems hiring quality people, he believes. "If the idea is just to fill a job, you will only get job-fillers for employees," Titens said.

His words were echoed by Alice McCord, senior vice president for research of the NRMA in 1988. "Retailers have to know what they are looking for in an employee. Instead, they tend to just look at filling out a schedule with warm bodies and at nothing else. They should look for enthusiastic, action-oriented people, people who are interested in the product they sell. It is a harder way to hire, but worth it in the long run. If you want better employees, you have to go out after them."

Titens believes he knows how to get those employees. "You have to change the focus of why you are hiring. So long as the focus is just on the job, you will have difficulties. It means saying to a potential hire, 'Let me you tell you what we're all about and where you will fit in' instead of 'I need a counterperson.' It means thinking of that next hire as somebody you'll bring along in the industry, not just a new guy behind the counter."

It means that management must buy into the idea that the new hire is a part of a bigger picture, Titens claimed. "If management doesn't buy into that idea, all they will ever be able to hire is a guy who can only get a job for $3.35, and he will leave as soon as somebody offers him $3.45," Titens said.

Some retailers have been very successful in doing just what Titens and McCord talked about. Trak Auto, Landover, MD, is one of them.

"We look to balance satisfaction, dissatisfaction, and motivation factors with each employee. We are not always successful because there are some things we can not change – like the need to have the stores staffed nights and weekends 92 hours per week," the director of personnel for the 276-store Trak Auto chain, said in 1988. Trak had about 1,500 hourly employees in 1988.

"We try to help each individual reach a comfort level here. We try to help them, but they have to decide if they like the hours, like working with people. Some just don't like it and that causes a lot of turnovers. But those who stay know there really is a place here for them," the director of personnel said.

Looking For A Few Good Employees

So where will the aftermarket's future employees come from? Most aftermarket retailers feel tomorrow's hourly employees will probably come from the same places they come from today.

"In five years, they will come from the traditional places that you would expect them to come from. You hear a lot about hiring the elderly, but for us the elderly are a small market, we get a few of them, but only a few," Trak's spokesman said.

But retailers will have to look beyond the "traditional" places if the aftermarket is to meet its future staffing needs, NRMA's McCord said. Recruitment – active, long-range recruitment – and inspired hiring techniques will be needed.

"Most retailers have not changed the way they hire – they depend on walk-ins. And that's fine, but they need to reach the dwindling number of young people through methods young people respond to such as radio and TV. So far, most retailers seem reluctant to try new methods," McCord said.

The Nationwise chain is one after-

WHO WILL MIND THE STORES:

HOW DO THEY INTERVIEW?

We asked our Retail Panel: "How long do you take to interview potential new sales clerks, stock room helpers, countermen, and assistant managers?"

More Than 1 Hour	9%
At Least 1 Hour	15
30 To 40 Minutes	21
15 To 30 Minutes	44
15 Minutes Or Less	12

We also asked our Retail Panel: "Do you interview potential new hires in person, over the phone, or both?"

In Person	83%
Over The Phone	10
Both	7

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

WHO WILL MIND THE STORES:

IS GOOD HELP HARD TO FIND?

We asked our Retail Panel: "Do you have trouble hiring good, skilled sales clerks, stock room helpers, countermen, and assistant managers to work in your store?" Most said yes.

Yes	71%
No	29

Source: 1988 *Automotive Marketing* Retail Panel

WHO WILL MIND THE STORES:

WHAT REQUIREMENTS DO THEY HAVE?

We asked our Retail Panel: "What requirements do you have when you hire new sales clerks, stock-room helpers, countermen, and assistant managers?" Most want high school graduates with good driving records.

Be At Least A High School Grad	56%
Be At Least A College Grad	0
Needs No Previous Experience	28
Needs At Least 1 Year's Experience In A Similar Job	24
Needs At Least 1 To 5 Year's Experience In a Similar Job	15

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

WHO WILL MIND THE STORES:

DO THEY HAVE JOB DESCRIPTIONS?

We asked our Retail Panel: "Do you have, and give, written job descriptions to potential new sales clerks, stock room helpers, countermen, and assistant managers?"

Always	15%
Sometimes	35
Never	47

Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

market retailer that is out to do things differently. Making young people aware of the opportunities available with Nationwise is a big part its director of personnel's job, and is part of the company's long-range strategy for success.

"We do a lot of recruiting at votech schools. That involves going to all the careers days held by local schools where they invite employers in from the community. We also hold our own career days in the stores. At those days, we make all sorts of people available – managers and regional people. We have a real good response to this because of the level of people involved. We show young people that we are serious in our interest in them. Yes, it takes a lot of preparation, but it is worth it," the Nationwise director of personnel said.

AWDA's Titens adds that, "Most of all, you need to make all of your managers realize that creative hiring is part of each day's job, not just an occasional task to be done when there is a vacancy. Then, it's too late. There are no quick fixes. First you must design a process."

The Money Factor

The final thing that will have to change before the aftermarket can meet its future staffing needs, the experts said, is how the aftermarket pays its employees.

More than half of our Retail Panel members told us they pay established hourly employees between $4.51 and $6 an hour. But 40% of them said the average starting wage for hourly help hired in 1988 was between $3.50 and $4 per hour. Another 19% said employees hired in 1988 were still making that amount after six months on the job. Yet many of the same retailers also said that what they pay is simply not enough to attract the quantity of qualified employees they said they need to adequately staff their stores.

A move to increase the federally mandated minimum wage could end all aftermarket debate on the value of minimum wage. But it won't solve the "you get what you pay for" problem for most retailers. Solving that problem will take re-thinking some retailing basics.

"To begin with, retailers could switch to full-time employees and increase pay levels to increase employee loyalty. We can not continue to pay minimum and get the quality we are seeking," McCord said. "It's not totally unrealistic to reduce the number of people you pay, and pay the rest more," McCord said.

"There are only three ways to make a profit: increase sales, increase gross margins, or increase net profit," Titens said. "Once you realize that labor does not have to be held at $3.35 in order to make goals you can move beyond that trap," Titens added. Both Titens and McCord recommend using bonuses and incentives as alternatives to pushing up the overall pay scale.

But all of these changes may only be stop-gap measures, McCord said. "In the end, we are all going to have to learn to retail differently, to use our dwindling staffs where they will have the most impact." ■

This [illegible] Krueger-Nicholson. For more information on [illegible] ment, see the following [illegible] Marketing [illegible] turnover [illegible] "Who's Minding The [illegible]" April 1988; "Who Will Mind The Stores?" [illegible]

SELLING HARD PARTS

In 1987, total retail sales of replacement parts were in the range of $34 to $35 billion. That estimate is just for parts; it excludes sales of tires, batteries, accessories, chemicals and automotive services. These bolt-on parts represent opportunities and problems for retailers.

As we define the category, bolt-on parts accounted for better than 40% of total retail sales of replacement parts in 1987, or $14.1 billion in retail sales. The preliminary projection for 1992 is retail sales of more than $18 billion.

Four functional part groups fall into the bolt-on parts category:

- Cooling System Parts

These include belts and hoses, water pumps, thermostats, and, increasingly, complete replacement radiators.

- Fuel System Parts

These include new and rebuilt carburetors, carburetor kits, fuel pumps, fuel rails, fuel injectors, and other fuel injection system parts.

- Electrical Parts

These include conventional and electronic ignition parts, wire and cable, new and rebuilt alternators and starters.

- Undercar Parts

These include three large subgroups: brake system parts, exhaust system parts, and steering/suspension/ride control.

Here's a look at the trends for the future in these categories.

Trends For Cooling System Parts

Overall, growth prospects for cooling system items are good, better in fact than for many categories of aftermarket parts. The reason is high underhood heat in late model vehicles.

On the other hand, belt and hose manufacturers have met OEM specifications for tolerating higher heat. Therefore, relatively rapid replacement rates may slow down during the 1989-92 period. In addition, DIYers appear to find it difficult to replace serpentine belts and molded heater hose in the tight underhood space of late model cars. This factor is also said to be hurting the sales of water pumps in DIY-oriented retail outlets.

There are no overwhelming technological problems preventing vehicle owners from doing their own replacement of belts, hoses, and water pumps. However, DIY for these items is not as easy as it once was. So, chains have to respond either with clinics, videotapes, or pamphlets showing DIYers how to overcome problems in installing cooling system parts, or with tools to make installation easier, or with both.

A bright spot for retailers, with or without service bays, is the increasing sales potential for complete, replacement radiators. Chain stores account for less than 5% of radiator sales now, but their market share is rising rapidly. One reason for the gain is that DIYers find it a relatively simple task to detach and replace worn-out radiators.

Radiator manufacturers disagree on sales potential by 1992. One sees the possibility that retail sales of new, complete replacement radiators will approach $400 million; another sees the market remaining below $300 million.

Trends For Fuel System Parts

There will be continuing demand for replacement carburetors and carburetor kits well into the next century. Moreover, as unit sales decline, the prices charged for replacements are likely to rise. To the extent carburetors are still around, they will continue to be in demand by DIYers. On balance, slow growth in unit sales of mechanical fuel pumps will be offset by increasing

THE THREE HARD PARTS CATEGORIES

Merchandising Parts

Filters
Spark Plugs
Wiper Blades
Automotive Lamps
Ignition Parts
Wire & Cable

Quick Change Or Bolt-On Parts

Ride Control Parts
Brake Parts
Electrical Parts
Fuel System Parts
Cooling System Parts

S[illegible] Parts

Trc[illegible] Clutch Parts
[illegible] arings
[illegible] ston pins
Valv[illegible] ive Train Parts

sales of higher-ticket electronic fuel pumps.

The good news about the fuel pumps is that some vehicle designs call for two fuel pumps. The bad news is that there seems to be a trend toward mounting one of these pumps inside the fuel tank. The tank must be dropped in order to replace this fuel pump. That won't faze some DIYers, but it will discourage others.

As of 1987, the fuel injection system parts market was about $100 million, dominated by dealerships. By 1992, this market will rise to about $250 million. It will be shared by dealerships, tune-up/diagnostic specialists, certified service facilities run by tire and oil companies, and those independent repair shops willing to invest in training and equipment for this service. Will there be a place in this market for chain stores? There will be if they are willing to provide tune-up/diagnostic service in their bays or solicit the business of installers. DIYers will find it tough to work on their fuel injection systems without extensive training in fuel systems diagnosis. On the other hand, the next five years may see the development of economical, hand-held diagnostic equipment which will be available to DIYers as well as pros.

Trends For Electrical Parts

The big replacement market for alternators will continue, and they will remain a good item for retailers because they are relatively easy to detach and replace.

Conventional ignition parts – even distributor caps – are being phased out of automotive systems. The question for the future is whether DIYers will attempt to do their own diagnosis of electrical system/engine performance problems – and their own replacement of parts like electronic ignition (EI) modules – or will they entrust this work to professionals.

Some DIYers will try do anything even if they lack the know-how to do it right. For example, numerous DIYers have tried to solve performance problems by doing their own replacement of EI modules. It is a relatively easy task to detach and replace these ignition modules; the harder task is to find out whether replacing them will solve the problem. In other words, the late model vehicles put a premium on diagnostic skills and equipment.

Certainly, a percentage of DIYers will gain the skills (and perhaps the equipment) to perform their own tune-ups on computerized vehicles of the late 1980s. On balance, manufacturers of ignition parts see slower growth in retail stores on many types of ignition parts. The gainers will include those service merchandisers and traditional installers who make a substantial investment in recruiting and training diagnostic technicians.

For retailers, selling ignition parts for modern vehicles will require more effort in providing guidance and diagnostic equipment to DIYers. This means more and better training material. And it means increased revenue opportunities in selling, or renting, diagnostic devices.

Trends For Undercar Parts

The brake system remains important for retailers, both in over-the counter sales of brake shoes and disc pads and in service bay repairs. DIYers can still – and do – change shoes and pads on late model vehicles. On the service side of the business, there has been a trend toward price point merchandising; for example, $59.95 "brake specials."

In order to reach "magic-num-

WHAT SELLS?

Retailers can do a better job of selling bolt-on parts. Here are a few ideas:

- Complete Replacement Radiators

Retailers can sell this category both over-the-counter to DIYers and via their service bays. Some manufacturers believe that retailers as a group can double their sales of radiators between 1989 and 1992. Two things are required: a commitment to advertising their availability and a willingness to cover better than 80% of applications.

- Other Cooling System Parts

Smart retailers engage in systems promotion; they remember to ask the antifreeze/coolant customer about belts, hoses, thermostats, and vice versa.

- Fuel System Parts

Retailers with service bays have to consider whether they are willing to let the business of installing fuel injection parts fall into the hands of dealerships, tune-up shops, tire company service bays, or the oil company service franchisers. Fuel system parts represent one of the fastest growth opportunities in the aftermarket in the 1989-92 period. However, competing for such high-tech business will require a substantial commitment to technician training.

- Ignition Parts

Retailers with bays can compete here if they are willing to commit resources to training. For DIY-only chains, building ignition parts/tune-up business will require more effort in producing DIY training materials and renting/loaning of diagnostic tools and equipment.

ber" prices, merchandisers have to narrow the scope of the service offered. For example, a price of $59-$69 on a brake special is possible if it applies to only one axle.

One brake parts manufacturer said, "It may not be a bad idea to offer service on one axle. In front wheel drive cars, the front brakes tend to wear out twice as fast as the rear brakes. However, car owners have to be aware of what they are buying. A price of $59.95 may be a good value if it includes resurfacing of drums or rotors. On the other hand, a price of $49.95 may be a bad value if it only includes replacement of shoes or pads."

Retailers' position in the exhaust system parts category is complicated by geography, demographics, business format, and inventory policies. For example, stores without bays in the mid-South and the Southwest—like AutoZone and Checker/Schuck's/Kragen—have lots of DIY customers but less call for exhaust parts because of slow rust-out.

In general, retailers find it burdensome to stock exhaust parts because of the number of parts required to cover 80% or better of applications. In addition, mufflers and pipes take up a lot of storage space.

On the other hand, service-oriented chains are active in merchandising exhaust systems service for their bays. Typically, these stores rely on local jobbers for prompt availability of the necessary mufflers and pipes.

For retailers, some of the big questions for the future of exhaust pipes include: How will stainless steel affect replacement rates? And, how much of the business will muffler specialists have?

Trends For Ride Control

There is better news for retailers on suspension/steering/ride control products. DIYers can still replace shocks and there is a clear trend toward higher value, higher ticket gas-charged shocks. On the other hand, there are problems for DIYers in installing struts; these are difficult—even dangerous—to install without the use of proper spring compressors. Some chains meet this challenge by loaning or renting the necessary tools.

Retailers have growth opportunities in installing a broad range of suspension and steering parts, including ball joints, rack and pinion steering parts, and CV-joints, in addition to traditional ride control parts. But, retailers face formidable competition from the muffler shops and tire dealers who are broadening their line of undercar services.

Trends For Remanufactured Parts

"Reman" has been important in such lines as water pumps, carburetors, alternators, starters, solenoids, and distributor caps; brake parts such as master cylinders, disc brake calipers and brake shoes; power steering units, rack and pinion steering, and CV-joints.

There is substantial demand for rebuilt water pumps. But during the 1981-85 period, OEMs shifted design from cast iron to aluminum pump bodies. That hurt—and continues to hurt—because of higher core losses on aluminum than on cast iron. The other problem had to do with exchange rates: when the dollar was strong it was often less expensive to import new replacement water pumps than to rebuild them domestically. Now, it should become more economical to rebuild domestically.

Rebuilders are faced with a declining market for carburetors. However, it will be years before demand for rebuilt carburetors totally dries up. In the meantime, declining unit sales will be off-set by higher prices.

Rebuilders dominate such electrical parts markets as alternators, starters, and solenoids. Demand for these reman items remains strong. However, rebuilders expect to see less business on distributor caps because of the movement to distributor-less ignition. Of course, the full impact of that design change won't be felt in the aftermarket for a few years.

There is a big role for rebuilders, local as well as national, in supplying such brake parts as master cylinders, brake shoes, and disc brake calipers.

Some new markets for rebuilders are in suspension/steering, including such lines as rack and pinion steering and CV-joints. Remanufacturers differ in their attitudes about the CV-joint market. One Massachusetts firm remanufactured CV-joints supplied by GKN for its line. However, when prices of reman CV-joints fell sharply, it withdrew from this market.

On the other hand, Champion Parts Rebuilders, Chicago, planned to rebuild and market CV drive shafts. A spokesman for the company reasoned that complete assemblies are more reliable than replacing individual pieces. Moreover, installing a complete drive shaft is easier than tearing the system down to replace pieces. In fact, replacement of complete CV drive shafts is within the capability of many DIYers. For these reasons, Champion Parts Rebuilders expects to sell CV drive shafts via retailers as well as through the WD/jobber channel.

Retailer Perspectives

From the retailers' point of view, the sales outlook for bolt-on parts is generally optimistic.

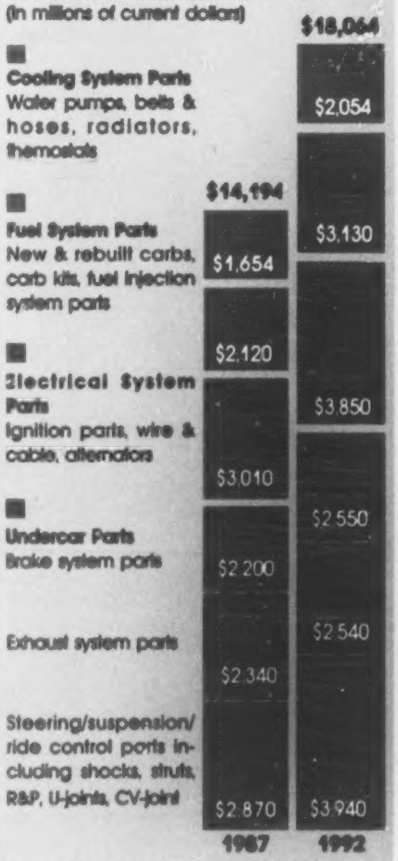
- Brake System Parts: near-term prospects are good. There is concern that semi-metallics will mean slower growth for brake friction product sales. Some retailers expect continued growth in DIY, others see this slowing.
- Cooling System Parts: retailers see increases of 5% to 10% for the near-term. Thermostats are now more accessible, but it is harder to install molded heater hose.
- Ignition System Parts: retailers believe there are enough old cars on the road to sustain a growth rate of about 1-2% per year through 1990 for conventional parts. But sales of tune-up kits and spark plugs are down.
- Ride Control: some retailers see declining DIY sales, others expect DIY sales to increase. But retailers see faster growth for service specialists than for DIY-oriented chains.
- Fuel System Parts: the question for the future is whether DIYers will do repairs on electronically controlled vehicles; only a few retailers are optimistic. Meanwhile, retailers sell replacement carbs and kits.

But despite geographic differences, there is a general consensus that both near-term and long-term prospects for exhaust system parts are declining. ■

This section was prepared by Wendy Amplosk from material originally written by Edward L. Kaufman. For more information, see the following *Automotive Marketing* story: *"The Ins & Outs Of Bolt-On Parts,"* April 1988.

THE RETAIL MARKET FOR BOLT-ON PARTS

Estimates for 1987, projections of 1992
(In millions of current dollars)



Source: 1988 estimates & projections of the Lindsey-Kaufman Co.

SELLING ACCESSORIES

In the vast automotive accessories market, demand just keeps rolling along. Vehicle owners appear to have an almost insatiable appetite for products that dress up their cars and trucks or improve their vehicles' comfort, convenience, safety, and security.

But today it takes more time, effort, and money to make it big in automotive accessories, whether as a retailer or manufacturer. The customers who want more, and who are willing to pay more, also expect more. They expect higher quality, greater selection, more service and an attractive selling environment.

For some accessories, customer expectations include installation service. However, even on products for which professional installation is not a consideration, vehicle owners expect, at the very least, courteous, trained sales people who can aid them in selection and provide advice on DIY installation.

Today's Accessory Customer

Two big factors have stimulated demand for accessories since the early 1970s. One has been the explosive growth in sales of pick-up trucks, 4WD vehicles, and off-road vehicles.

The other factor in building accessory sales volume has been the willingness of customers to move up to ever higher price points. And, today's vehicle owners have the "scratch" to satisfy their "itch" for higher quality, more highly styled, and higher priced accessories. Today's accessory buyers are better educated and more sophisticated with more income and more advanced tastes and aspirations.

Meeting The Customers' Needs

For retailers, teaching today's customers to upgrade their accessory choices has been one of the most significant changes in the automotive accessories business.

Retailers must have the focus, commitment, effort, and good display techniques to meet the customers' higher expectations. Of course, it helps to have volume purchasing power and higher traffic. However, those factors do not guarantee success. Meeting the consumers' higher expectations means:

- A greater investment in inventory to provide the selection consumers demand.
- More dollars invested in display space for accessories; it takes a lot of space to properly display big products such as running boards, bed liners, tailgate protectors — not to speak of assortments of custom wheels.
- Considerably more time and effort of store management and merchandising staffs in planning and executing accessories programs; this includes all the steps of choosing vendors, picking planogramming, warehousing and administering deliveries, sales — and returns.
- A bigger investment in fixturing and point of purchase (POP) material for accessories displays.
- More time and effort in sales training.

Retail Winners & Losers

The winners in the aftermarket in recent years have included highly focused participants — like automotive chain stores and specialty service chains. In contrast, generalists, such as many of the regional discount department stores, have lost ground.

Why have generalists lost share of the accessories business? For a variety of reasons. Some of them have succumbed to larger management and financial problems and are out of business altogether. Some of them, J.C. Penney is an example, decided to emphasize "soft lines" like apparel, rather than "hard lines" like automotive parts and accessories. And among those generalists remaining in the automotive aftermarket, some discount stores and variety stores have failed to respond to the "upgrading" of consumer tastes. So, for example, they are still emphasizing low-end seat covers rather than the more highly styled merchandise available from other retailers who have invested in a broader range of inventory.

A big factor in separating winners from losers — or big winners from not so big winners — is investment in space. As noted above, it takes a lot of space to properly display the larger, more profitable, big-ticket items. While putting the merchandise on display does not, of course, guarantee that it will sell, *not* displaying it certainly guarantees that it will not sell.

What this means, basically, is that well-financed retailers who are committed to the automotive accessory business — and devoting display to it — are getting the business.

Does this mean that only chains with hundreds of stores can succeed in the accessories business? No, it does not. A senior executive of one of the largest chains said, "Our strongest competitors are not other big chains like ours, but independently managed smaller chains and parts stores. Purchasing power is not the whole story. It is as important to be in touch with your customers' needs — these products have to be *sold* as well as bought.

"In those respects, retail chains which are run by their owners have an advantage over stores which are operated at a distance. An important factor is owner involvement; the owner is there every day; he knows what is going on and can take action promptly."

So there appears to be a place in the accessories business — maybe a very *good* place — for the smaller regional chains of auto parts stores as well as the giants.

Portrait Of A Winner

One chain determined to be a winner in the automotive accessories business is Texas-based Pettigrew-Smith. This chain has stores in the Houston and Austin areas. At one time, these stores had been traditional, largely wholesale jobber stores. Under new management in 1988, its goal was 40% wholesale and 60% retail sales. And that means accessories.

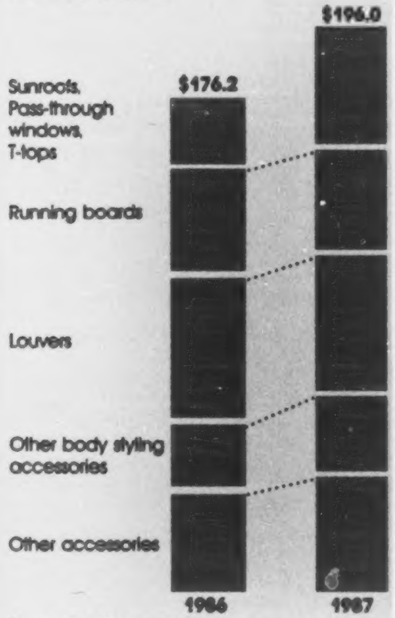
"The subject of accessories is important to us because we have to make the transition from an old-fashioned traditional jobber chain, with the parts counter six feet from the door, to a retail oriented environment in which presentation is vitally important," a spokesman said in 1988.

Automotive accessories have been important to Pettigrew-Smith for some time. In fact, they are one of the three major product groups monitored by management, the other two being hard parts and chemicals. The long list of accessories carried by the chain includes chrome hang-on goodies, tool boxes, mirrors, gauges, thermometers, floor mats, and truck accessories. The latter grouping includes chrome rails, running boards, tailgate protectors, bed liners, and windows.

Because of the new merchandising philosophy, accessories are destined to become even more important to the chain. Have accessory manufacturers been helpful to the chain in planing its changes? "Some are very helpful. Give them an idea of how many dollars you are prepared to spend per store and per

ESTIMATED SALES OF AUTOMOTIVE ACCESSORIES
(At manufacturers' level in millions of dollars)

The overall sales increase at the manufacturers' level for important accessories was from an estimated $176.2 million in 1986 to $196 million in 1987, an increase of 11.2% or about twice as much as the growth rate for the aftermarket as a whole.



Source: The Lindsey-Kaufman Co.

square foot of space, and they help design planograms," said the spokesman.

Smaller Players Win, Too

But what about independently owned jobber stores – are they destined to be "losers" in the automotive accessory business? Not necessarily. In fact, according to one large Southeastern WD, "Our jobber customers are interested in accessory business, and they are increasing their purchases and sales of accessory items. There are limits as to what they can do in this business though. There are space limits on what they can display and financial limits on the depth and breadth of their inventories."

This WD's jobber customers prefer to buy accessory items which are relatively small – items like chamois pads, mirrors, gauges, gasoline cans, tool kits – and relatively low ticket. Most items are priced at under $15. Space and capital limitations rule out multiple lines of products. In addition, the lines which are stocked are necessarily short. "Our customers will stock air fresheners, window film and car sun shades because they don't take up too much room. They are not going to invest in an assortment of 20 wheels or ten bed mats," the WD said.

Makers Meet Customers' Needs

Manufacturers, too, have to worry about meeting the expectations of both consumers and retailers. Some of the areas in which they are under increasing pressure include product concept, service, and credit.

When it comes to product concepts, the winners among accessory manufacturers tend to be admired by retailers for being innovative, creative, and on top of the market. This means they have the ideas on product features and styles which will attract accessory customers.

Retailers do not expect manufacturers to pioneer complete new product categories every year. However, they are expected to make changes in styles, colors, and features to freshen existing categories. In fact, according to manufacturers and retailers, while the basic categories have changed little in the past two years, there are more changes than ever *within* categories; that is, more additions and deletions of specific colors and styles.

Some of the manufacturers most respected by retailers for being "innovative" are not necessarily always the first in the market with a new idea. Not infrequently, they pick up, improve on, and *run with*, a competitor's idea. What counts is that "they are on top of the market," retailers said, are alert to what might sell well; and willing to move aggressively and take some risks.

Increasingly, accessory manufacturers are competing on a *service* basis. It is not that product quality and pricing have become unimportant. Far from it; they are *expected* as the minimum basis for being a vendor. What distinguished the winning vendors from the losers is service. Service, broadly defined, includes the following:

- Logistics: on time delivery to retailers' warehouses and/or stores.
- Merchandising Assistance: some retailers expect – and get – help from accessory manufacturers in planogramming their accessory displays. Retailers also appreciate help from manufacturers on POP material.
- Packaging: this aspect of "service" is an important subject in itself. Increasingly, retailers expect accessory manufacturers to provide packaging which is attention-getting, functional and "user friend-

ly;" that is, containing all the information required by DIY customers.

Another "Service"

Another aspect of "service" which is growing in importance and which separates supplier winners from supplier losers is guaranteed sales or credit.

Simply put, accessory manufacturers have to be well financed these days because the chains expect extensive return privileges. Precisely because today's consumers are very demanding, styles are changing more rapidly than they did a decade ago. This means more risk that retailers will have some slow moving styles in their accessories inventories.

One retailing executive said, "Frankly, it has become riskier for accessory manufacturers to serve very large chains. We won't deal with any manufacturer who will not grant us 100% return privileges. We have to insist on this because we make a heavy investment in taking on a line, not just in inventories but in planning, logistics and administration."

For retailers and manufacturers alike, today's accessory market requires big investments in money, creativity, and time. But it's worth it. ■

DESIGN TO WIN ACCESSORY SALES

Successful auto chain stores and mass merchandisers design their accessory sections and displays to win sales.

"You've got to pay attention to cosmetics in selling accessories. It is not enough for the product to have a pleasing appearance; everything surrounding the product has to be pleasing, too. This includes the package, the display fixtures, the point-of-purchase selling material, the store interior and exterior," an executive with an accessory manufacturer said.

A spokesman with the Atlanta-based design firm Miller/Zell compares the work of the design firm to that of retail advertising agencies. Miller/Zell has done design work for Goodyear, numerous mass retailers, and the Hyundai and Mazda dealership parts stores.

"In a sense, store design is really three-dimensional advertising. Retailers are becoming increasingly aware that the store is part of the marketing mix. You've got to attract people to the store, get them in and expose them to the merchandise you want to sell. If the store layout, lighting, and floor plan are right, customers will buy not only what they came for, but other items which caught their eye.

"It is the function of advertising to bring customers to the store. Our work begins where the work of the advertising agency ends. Our role is to create environments which are pleasing, functional and informative. We never forget that our function is to help sell products. It is not enough to create award-winning designs; we have to keep in mind what is being sold and to whom it is being sold."

On that last point, the spokesman noted that women are becoming increasingly important as accessories customers and that store designs have to keep this in mind. Store designers also consider how to direct the flow of traffic through the store to expose as much merchandise as possible. "The advertising art director tries to lead the reader's eye from one selling point to another. We try to lead the customer's footsteps from product to product."

This section was prepared by Wendy Amplosk from material originally written by Edward L. Kaufman. For more information, see *Automotive Marketing* stories: *"Accessory Installation,"* July 1988; and *"Accessories: Selling Steak & Sizzle,"* August 1988.

SELLING CHEMICALS

What do automotive chemicals and motor oils have in common?

What these two big product categories have in common is appeal to do-it-yourselfers, high turnover, and the ability to sell themselves via consumer-oriented packaging.

As a DIYer, you don't have to be an automotive genius to change your antifreeze/coolant, pour additives into your gas tank or crankcase, use cleaners or apply waxes, polishes or vinyl protectant, or to change your oil. And that's very comforting at a time when many systems of the automobile are becoming harder for professionals to understand, let alone DIYers.

And you don't have to be a retailing genius to sell these products, either. And that, too, is comforting.

Another thing that automotive chemicals and motor oils have in common is that they have reached maturity as product categories. So, the main way manufacturers and retailers can find growth in sales and profits with these products is by developing markets for higher priced, higher performance products. Fortunately, they have done so, opening up new opportunities for sales. Here is a review of what happened in this broad product category during 1988.

What They Think About Antifreeze

The biggest item for retailers in terms of both gallonage and sales dollars continues to be antifreeze/coolant. It is followed by two functional fluids, brake fluid and transmission fluid. Windshield washer fluid is another "must have" item, and like antifreeze/coolant, its sales are affected by the weather.

In a survey we conducted in 1988, respondents were bullish on this group of chemicals. Most of them expected faster growth in sales for them, and more than half planned to add SKUs (not space). Only a few expected to delete SKUs and/or reduce the amount of space devoted to these products. On the other hand, just over a third planned on adding space for the category; the majority were standing pat.

But, retailers were concerned about antifreeze/coolant. Since the Summer 1988, wholesale and retail prices had more than doubled. And the big question was whether prices would continue to rise through the remainder of 1988 and into 1989. They did.

Rumors of an increase were circulating as early as the Fall of 1987. An article in the March 1988 issue of *Automotive Marketing* discussed the likelihood of steep price increases on antifreeze/coolant in 1988. But it was not until June that retailers began to feel the impact of higher prices. Between mid-June and mid-August, wholesale and retail prices of antifreeze/coolant rose between $2 and $4 a gallon. Prices were still rising at the end of August, and some retailers anticipated that retail prices would hit $12-18 per gallon before Winter.

Did retailers see any benefits to rising prices on antifreeze? Not really. In fact, they dreaded explaining the increases to their customers. Also, some feared that their profit margins may be squeezed even tighter. They saw the possibility that competition for business on this traffic builder may prevent them from raising their retail prices equal to their higher costs.

Functional Fluids

The major products in the functional fluid category were faring very differently from antifreeze/coolant. Brake fluid and transmission fluid are DIY items which tend to be good, reliable sellers throughout the year with DIYers favoring national brands. However, in the upper Midwest the Champion Auto Stores chain tested its own brand of transmission fluid. And it was pleased with the results. One of the motivations for Champion to promote its own brand of transmission fluid is to enhance its image. At Champion, a spokesman said, "We want containers with our name to be stocked on the shelves of DIYers' garages. Every time they see them, they'll be reminded of us."

Maintenance Chemicals

This segment of the automotive chemical business includes such well established product categories as oil and gasoline additives, the new and growing category of fuel injection cleaners, and the now declining category of carb and choke cleaners.

In 1988, retailers anticipated faster growth in the sales of maintenance chemicals for their stores. On the other hand, less than half of those surveyed expected to add SKUs, and only about a third planned on increasing the amount of space they devote to maintenance chemicals. Retailers were especially bullish on fuel injector cleaners because of the increasing number of cars with fuel injection systems.

Retailers saw more customers seeking solutions to the problems of knocking, pinging, and low mileage. Traditionally, these problems were related to the use of low octane fuel. Car owners are looking for the benefits of high octane gasoline without paying premium prices for every fill-up. As a result, there is growing interest in octane improvers—chemicals which actually mix with gasoline to raise the octane level—and in gasoline additives which eliminate the build-up of carbon and improve performance.

A marketing manager for one specialty chemical company said, "There are two types of octane boost products on the market. Most of them are methanol based. Methanol *does* have higher octane than gasoline. However, you would have to use about one gallon of methanol to 14 gallons of gasoline to raise the octane by two numbers. In those amounts, you risk rusting metal parts and damaging rubber seals. That is because methanol is an alcohol—very corrosive. This isn't a problem with the aftermarket packages of methanol because they are so small, only 12 ounces. Twelve ounces of methanol can be added to 14-15 gallons of gasoline without hurting the engine and fuel system parts. On the other hand, this amount of methanol doesn't add much octane to the fuel.

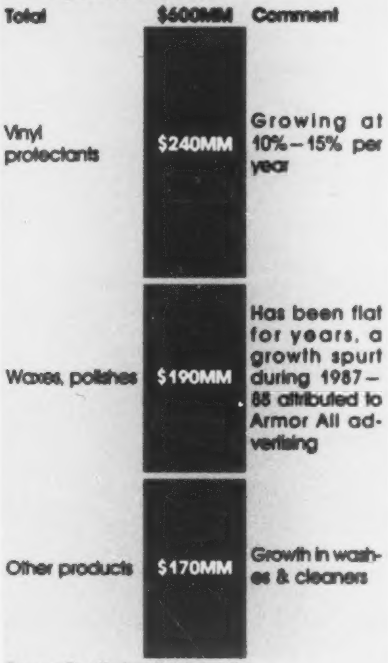
"The other approach to boosting octane is to use a lead substitute—like manganese. That type of product *can* be effective in raising the octane level of the fuel. Unfortunately, it is also extremely toxic—you don't want to get any on your skin! We would not consider making this kind of product because it would be hazardous to our employees, let alone our customers. The approach that we and a few other companies have taken is to treat the problems rather than the symptoms. The *symptoms* are knocking, pinging, low mileage and premature ignition. The *problems* are deposits of carbon on intake valves and in combustion chambers. Pre-ignition, for instance, results from hot spots caused by carbon deposits. You can deal with the symptoms by using higher octane fuel, but we believe the better way is to get more performance *from* the fuel by eliminating the problems."

Oil Additives

The other big favorites in mainte-

1988 MARKET FOR AUTOMOTIVE APPEARANCE CHEMICALS

This is a $600 million market in retail sales, of which vinyl protectants and cleaners is the fastest growing segment.



Source: The Lindsey-Kaufman Co.

nance chemicals are oil additives. And the biggest users of oil additives are, by far, the motor oil manufacturers. They use additives to enable mineral oil to deal with problems of high heat and oxidation. So, if oil companies add chemicals to their motor oil, what need is there for aftermarket oil additives? The answer, basically, is that additives can wear out. Besides, oil additives give DIYers the ability to adjust their oil viscosity to meet their needs. For instance, they are traditionally used by owners of older cars as a last resort before spending the money for a ring job.

While oil additives are widely used, the product category is considered mature and slow growing. This doesn't suit First Brands, Danbury, CT, which carved out a new niche in this old market.

First Brands claimed a 50% share of oil treatment business for its STP line of products last year. Examining STP's base of oil additive customers, First Brands noted that better than 95% are owners of cars five years old or older. In other words, most STP customers use the product as a viscosity improver—a way of coping with old-car problems.

First Brands decided to make an oil additive specifically formulated to solve the problems of later model vehicles powered by multi-valve, four cylinder, high compression, hot running engines. STP Supra Wear Control, First Brands' additive for newer cars, is formulated for the consumer who wants more protection than he can obtain from a conventional motor oil, even the new SG grade of motor oil.

At this time, STP has no real competition in the market for its newer car oil additive. Competitors appear to be holding back, waiting to see whether STP's extensive advertising for its new products will establish a new category.

But if STP's newer car oil additive *is* successful, you can bet that it will be joined by competitors.

Appearance Chemicals

This group of products—judged to amount to about $600 million in retail sales annually—includes vinyl protectants and cleaners, waxes and polishes, and a long list of other kinds of automotive appearance products including touch-up paint, bug and tar removers, general purpose cleaners, specialty cleaners for use on upholstery and car interior surfaces and car washes.

There are conflicting opinions on the growth prospects of the appearance chemicals group. At one extreme, a senior executive of a leading company said, "This is a mature, slow growing industry. In fact, it has been declining during the past few years. We see two main reasons for this: changes in consumer lifestyles and base coat/clear coat finishes on automobiles. Whether because of the aging of the population or changes in values, we don't know, but consumers seem to be less willing to spend an afternoon to clean and polish their automobiles."

The executive went on, "The other problem has to do with changes in automotive finishes. The trend to clear coat finishes has given some consumers the impression that waxing is not needed, or less needed. In addition, many waxes contain abrasives which can scratch a clear coat. To stimulate growth, we have to have answers for both problems. Our solution is a new product which is easy to use and which contains no abrasives."

Retailers have a slightly different perspective. They say that their appearance chemical business is still growing (an average of 6.4% for

1988 over 1987) but that the business is not what it was. And yes, they attribute slower growth to better finishes.

Armor All, Irvine, CA, is very optimistic about this category. A top Armor All executive said, in effect, that growth is a matter of commitment.

"Our growth in the vinyl protectant and cleaner category is well known. Some say that we *are* the category. We have spent many millions on advertising to achieve that position and maintain it. We see growth possibilities in the wax and polish field, too. Studies of the Gallup organization show that the percentage of the population which is spending time on car waxing *rose* between 1982 and 1986."

What's New In Motor Oil?

In motor oil, the SG designation stired up some market interest. It isn't every year that a new grade is introduced. The last one was SF motor oil, introduced in 1982. SG oils were developed because car makers and the petroleum industry recognized a need to provide a motor oil which can stand up to the tough conditions presented by today's hot-running cars.

In terms of motor oil market trends, perhaps one of the most significant events was Amoco's launching of its synthetic lubricant called Ultimate.

Amoco, Chicago, is enthusiastic about Ultimate—and so is its competitor Mobil Corp., Fairfax, VA, which produces Mobil-1 synthetic oil.

Will the introduction of conventional SG motor oils reduce the appeal of high priced synthetics? Not in the opinion of Amsoil. "Our customers are people who will always seek more performance and more protection than they can obtain from a standard product."

At Mobil, an executive said, "There is no comparison in the performance of a synthetic, like our Mobil-1, and conventional motor oils. At the service station it costs about $4.25 for Mobil-1 compared to about $2.25 per quart for an ordinary oil. In the retail stores, Mobil-1 costs about $3.99 versus an average price of $1.19 to $1.29 per quart. Four dollars a quart may seem like a lot of money, but it is actually a small price to pay to protect an automobile which may cost $23,000 to $25,000."

All in all, for a couple of mature product categories, automotive chemicals and motor oil still had a few surprises to offer in 1988. And it is still possible to find growth in sales and profits by selling the higher-priced, higher-performance products developed within these two categories in 1989. ■

This section was prepared by Wendy Ampolsk from material originally written by Edward L. Kaufman. For more information, see *Automotive Marketing* story: *"Teaching An Old Product Category New Tricks,"* November 1988.

PLANNING FOR FUTURE GROWTH

Retailers seeking to grow their businesses need a business plan. To develop a business plan, you should thoroughly analyze the following:

- Industry trends
- Your competition
- The markets in which you do business
- Your existing businesses.

This analysis will help you to determine where the best opportunities lie. Once that is completed, you can develop a business plan. Typically, your business plan would include these sections:

- An executive summary
- Industry analysis
- Market analysis
- A business operation description
- Financial projections

What follows is a sample business plan that illustrates the methodology to use in considering expansion of your profit base. The plan is for ABC Auto Parts, a mythical chain that is considering expansion by adding a completely new and different line of products. We do not recommend this particular plan for your company; it is merely an example to illustrate the process.

ABC'S Business Plan For Expansion

Here is the Executive Summary section of ABC's business plan for expansion.

ABC Auto Parts Inc., a leader in the automotive parts and accessories regional market, has assessed its past and projected financial performance, and has found itself to be in an outstanding position from which to expand. Profits are substantial and sustainable, and assets are considerable.

ABC management has considered two paths for possible expansion. The first is the traditional addition of more stores in an attempt to increase market share. The positive features of this strategy are that ABC has expertise in locating, designing, and opening stores carrying the full range of automotive parts and accessories.

On the negative side of this proposal, the local market is approaching saturation, and expansion into new markets would require considerable investment in plant, equipment, advertising and human resources.

The alternative expansion route considered is the addition of a new market within ABC's home region. A number of under-served market niches were examined to find a new product line that had both strong potential sales to ABC's existing customers and characteristics that would take advantage of ABC's corporate resources and managerial expertise. Home improvement products seem to comply with both sets of criteria. ABC has therefore decided to sell a new line of home improvement products through a separate chain of stores called DIY Shops. The opening of DIY Shops will create a number of strategic and operational synergies for ABC.

In evaluating the expansion decision, ABC has thoroughly considered the state of the retailing industry. This research has revealed a strong trend in the retailing industry towards niche marketing—the design of a specific product or concept for a specific customer. Bearing that in mind, the company further researched the market to be addressed and has defined a profile of ABC's existing customer. The DIY Shops concept was then specifically designed and tailored to meet the needs of these customers. In marketing new products to our existing customer base, the company strongly believes that it will be a success.

Industry Analysis

Here is the Industry Analysis sec-

tion of ABC's business plan for expansion.

Industry analysis suggests that consumers are aging and maturing, and will have more time and interest in DIY activities. In addition, quality of merchandise is becoming more of a concern to consumers than is price.

The retail industry has been evolving at a rapid pace. Increasingly sophisticated technology has enabled the industry to offer the customer more of the merchandise he wants at the time he wants it, and without raising prices. Customers have come to expect both breadth of assortment and depth of stock. Retailers have found that the most efficient way to satisfy both demands is to define and service very specific niches of the market.

Demographic trends must also be thoroughly considered. The "graying of America" is by now a well understood phenomenon. The number of Americans in the over-65 age bracket is projected to increase by 17% by the year 2000. Along with this trend is the commensurate "maturing of America," which describes the 33% increase in the number of Americans in the 45-65 age bracket by the year 2000. These trends indicate the mass market of the early 21st century will be older.

As the population ages, there will be significant changes in lifestyles. One of the major trends now under way is the change in tastes from conspicuous consumption to quality and true value. In making choices among stores, older consumers traditionally have tended to emphasize price, selection, and location as the most important virtues. Older consumers in the future, however, will on average be more affluent and will therefore make quality and service their top reasons for choosing stores.

As the population ages, it traditionally spends less time at work. Americans now enjoy a greater amount of leisure time than ever, and this trend will continue. As the work pace slows, time spent with leisure activities, travel, hobbies, DIY activities will increase. A recent survey concluded that senior citizens (age 65 and up) are 7% more likely than the general population to make minor repairs around the house regularly. In this environment, projections are that the DIY market will continually strengthen and expand.

These trends mean that a successful retail formula will call for high quality merchandise tailored to an older market segment. Price will be less important than perceived value.

Market Analysis

Here is the Market Analysis section of ABC's business plan for expansion.

ABC operates in the suburbs surrounding one of the nation's top 25 standard Metropolitan Statistical Areas. The overall population of the market currently served is 9,150,000, of which approximately 35% are males over the age of 17. The majority of this segment of the population have completed high school and their median income is $30,017.

ABC recently conducted a survey of its customers and found many of them to be home DIYers as well as automotive DIYers. The two major reasons why they chose to be DIYers were their increased confidence in their skills, and rising repair costs. In a series of focus groups, participants indicated a strong desire to increase DIY home activities.

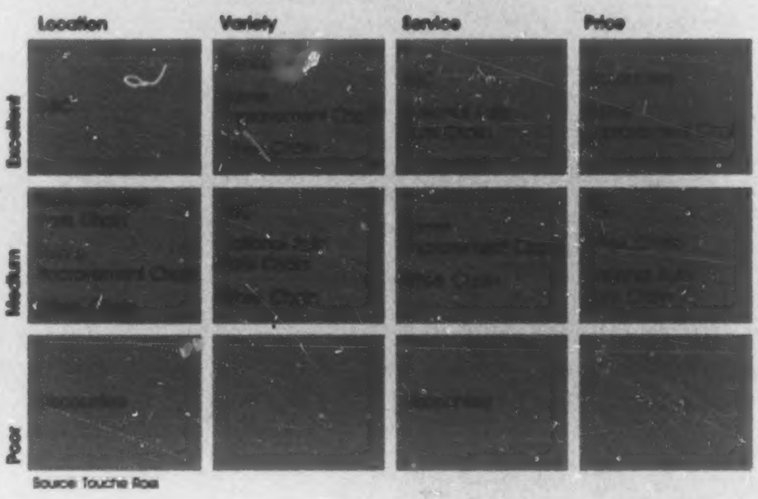
Many current ABC customers, however, also indicated a low likelihood of increasing repair work on their cars. Reasons cited for this

PLANNING FOR FUTURE GROWTH

FIGURE 1: DIY MARKET IN THE ABC REGION

Here are the various niches in ABC's market region and the competitors serving each. The four factors presented were defined by ABC's DIY customers as being most important to them in choosing a DIY store. The rankings, excellent, medium, and poor, were subjectively determined.

Analysis of this matrix reveals that most niches of the automotive accessories market are currently being served. Designing a store to fill the unoccupied squares—poor location, variety, service, and pricing—would probably not yield an extremely popular concept!



	Location	Variety	Service	Price
Excellent	ABC	[illegible]	[illegible]	[illegible]
Medium	[illegible]	[illegible]	[illegible]	[illegible]
Poor	[illegible]		[illegible]	

Source: Touche Ross

were the perception that cars have become more complicated and more reliable. Service warranties have also been extended on many makes of cars, lessening the necessity of DIY repairs. Indeed, a recent survey indicated that older citizens, the fastest growing segment of the populations, are significantly less likely to make repairs on thir own cars than is the rest of the population.

For these reasons, the decision was made to expand ABC's profit base by offering a new product line to the company's existing customers within its home region. As result of these analyses, the option to expand by opening new ABC Auto Parts stores was rejected.

A major reason for choosing the new product alternative, DIY Shops, is ABC's competition. That competition consists of large discount/department chains, warehouse-owned store operations, hardware and home improvement accessory stores, and national auto parts chains.

Analysis of the figures below show that most niches of the automotive accessories market are currently being served. Designing a store to fill the unoccupied squares—poor location, variety, service, and pricing—would probably not yield an extremely popular concept! However, the preponderance of unserved niches in the non-automotive DIY segment affords a number of opportunities to ABC. ABC's DIY Shops will satisfy the need for location and service by being conveniently located and staffed to afford the customer a higher degree of service than the competition.

Bearing in mind the retail industry trends identified in the Industry Analysis section above, DIY Shops will also offer the customer a wide variety of merchandise in several major categories such as tools and gardening equipment.

Predominantly top-of-the-line merchandise will be offered to create the perception and reputation of quality. Items will be attractively packaged and priced in the medium to upper price range to further enhance the image. Stores will be designed and merchandised to impart an upscale perception to customers. Advertising will target the increasingly affluent DIYers and hobbyists.

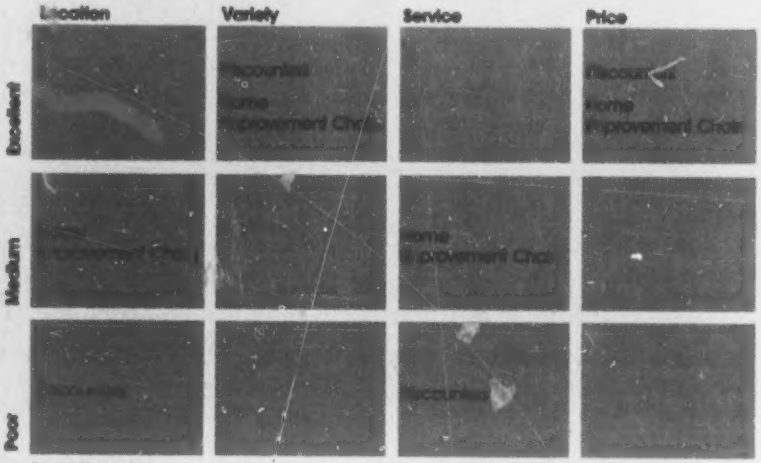
ABC's new do-it-yourself supply stores, DIY Shops, will offer the increasing ranks of upscale DIYers and hobbyists the ultimate in convenient locations, customer service, and assortment. This image will enhance and strengthen the company's original automotive accessories stores by drawing more customers to the locations, and the two stores will enhance each other by offering more products to each customer.

The Business Operation

Here is the Business Oeration sec-

FIGURE 2: DIY MARKET/HOME IMPROVEMENT SEGMENT IN THE ABC REGION

When, however, the automotive aftermarket specialists are removed from the matrix, leaving just the home-improvement products segment, a great number of possibilities emerge. This preponderance of unserved niches in the non-automotive DIY segment affords a number of opportunities to ABC. The "price" and "variety" niches seem well served by ABC's competitiors. ABC, therefore, will address both of the other areas identified as important by ABC's customers, Location and Service. ABC's DIY Shops will satisfy both of these needs. DIY Shops will be conveniently located and will be staffed to afford the customer a higher degree of service than the competition.



Source: Touche Ross

tion of ABC's business plan for expansion.

DIY Shops, a home improvement supplies store, was chosen by ABC's management not only for its appeal to ABC's existing customer base, but also the similarity between the two chains' operations.

Much of the merchandise assortment to be carried in DIY Shops is offered through the jobbers and manufacturer's representatives with whom ABC currently transacts business. ABC buyers have strong and established relationships with these suppliers and favorable terms.

Handling of the new merchandise will take place in the existing distribution center facility. Some modification and expansion of marking and picking lines will be necessary to accommodate the larger number of SKUs to be processed. Small additions to staff will be made and some additional storage space will be needed. But very few other changes or investments in processing facilities are projected by ABC's management.

There are no inherent differences with the accounting and information processing requirements of ABC's automotive accessories stores and DIY Shops. Minor modifications to software will provide management separate reports for each chain. A new Class Sales report will be developed to provide further analysis of similar merchandise in DIY Shops.

The concept to be imparted through store design will be that of an upscale, convenient, and well-stocked home-improvement and hobby store. Stores will occupy 8,000 sq. ft. and will be located in the same centers as ABC stores.

To summarize, then, ABC management believes that strong operational similarities exist between its current automotive accessories stores and DIY Shops. These are:

- Strong similarities in buying and merchandising systems
- Ability to use existing merchandise processing facilities
- Few changes to existing Management Information and Accounting systems

These positive operational similarities, when combined with the benefits gained by opening DIY Shops in the strip centers oriented to home improvement, will mean that all of ABC Automotive Parts, Inc. will be strengthened and positioned for the competitive advantage in the years to come. ■

This section was prepared by Gail Krueger-Nicholson from material originally written by Robert Navarino of Touche Ross. For more information, see the following Automotive Marketing stories: *"Planning For Growth,"* August 1988; and *Super Stores,"* July 1988.

The Marketing Business Magazine For The Retail Aftermarket

MAY 1989

Can The DIYers Who Shop In Your Store Fix This Car?

Chilton's

AUTOMOTIVE MARKETING

a Chilton publication

May Issue Volume 18, Number 6

EDITORIAL STAFF
FAX (215) 964-4100

Rosemarie Kitchin,
Associate Publisher/Editor-In-Chief
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

P.R.N. Katcher,
Research Editor

John Wirebach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Jim Naughton,
Director of Graphics

Janet Lee Taylor,
Art Director

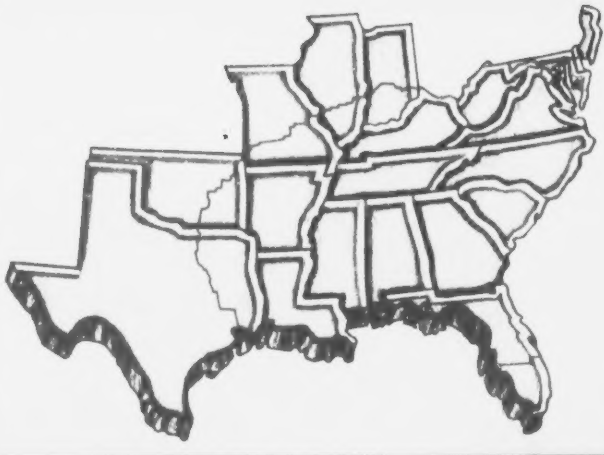
Sarah Frankson, Group Publisher
(215) 964-4390

CHILTON COMPANY,
ONE OF THE ABC PUBLISHING COMPANIES,
A PART OF CAPITAL CITIES/ABC, INC.
Publishing President, Robert G. Burton
1330 Avenue Of The Americas
New York, NY 10019

Chilton Offices:
Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Publications, Douglas A. Robertson; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P. Kushnerick

Copyright 1989 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.



For a look at DIYers in the Old South, see page 40

FEATURES

Can The DIYers Who Shop In Your Store Fix This Car? 28
DIYers can still fix their own vehicles. But retailers will have to help them in new ways if they want to keep DIYers – and themselves – in the parts business. In this first part of a three part series, we look at the issue of DIYability and at four automotive systems DIYers can fix with your help.
DIYability & The Heating/Cooling System 36
DIYability & The Exhaust System 37
DIYability & The Brake System 38
DIYability & Computer Engine Controls 39
A Look At Marketing Regions: The Old South 40
In this second part of a series on the consumers in different areas and the automotive products they buy, we take a close look at Old South DIYers, the products they buy, and the stores they shop. This series will help you to better market your store and your products to the customers in this, and other regions.

DEPARTMENTS

Detailing The Market 5
Editorial 16
Market Line 18
Retail Operations 45
Products 48
Rep Guide 51
Ad Index 54
Reader Service Card 56

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢)

PUBLISHER'S NOTES

MAKING THE DIY MARKET

In this issue, we confront "The Big Lie."

That's our term for the statement that today's, and tomorrow's, cars aren't going to be "fixable" by do-it-yourselfers.

Senior News & Feature Editor John Wirebach and Contributing Editor David A. Evans examine the critical issue of the future of automotive DIYability in a series beginning in this issue.

They conclude that we aren't doing enough for DIYers, but that there's plenty we can, and should, do. If, in fact, we don't make the effort, the doomsayers may have their way. Check out their theory, and specifics on how changes in automotive systems will change the DIYing future. We'll continue our analysis of this important issue as 1989 progresses.

We provide you with a glimpse at some available automotive training programs, too.

We're anxious for your opinions on the DIYability topic.

Research Editor P.R.N. Katcher is back with the second in our market series about regional DIY customers. The Old South, he's found, indeed has unique consumer demographics in many ways.

Market Line looks at the clean air issue, and Detailing The Market brings you our business's headlines. Send us your news, and your views! ■

Sarah J. Frankson
Group Publisher

DETAILING THE MARKET

IN-STORE FOCUS

Auto Max Inc.
Headquarters: 115 E. Lake St., Minneapolis, MN 55408
(612) 825-6666
Locations: 12
Total Corp. Sales: $10,000,000 (est.)
Average SKUs: 1,500-2,000
Founded: 1985

AUTO MAX
BRAKES AS LOW AS
PER WHEEL
AC CHARGE
WHILE YOU WAIT
AUTO CENTER
712

Here is a quick-service business facing formidable odds.

Auto Max Inc. was founded in January 1985 by a Midas dealer, a franchise rep for another car care company, and a real estate entrepreneur. Long-time friends, these men decided to go into business for themselves. The partners wanted to set up a business that would succeed because of expert repair service and adequate inventories at the installation shops, and they wanted to side step the inventory and cash flow problems which have plagued similar businesses. The philosophy behind the centers is excellent service – to franchisees and consumers alike.

They opened their first two outlets in Minneapolis that January. At the same time, they built a small distribution center with an eye toward a smooth product flow.

Currently, the warehouse also sells wholesale to jobbers – about 35% of the firm's profits come from the warehouse business.

Billed as discount muffler and brake shops, the first Auto Max centers also provided service on shocks, alignment, air conditioning, and radiators.

Most of the outlets have five service bays. Some have as few as four, and some as many as eight. Auto Max performs the typical fast jobs but nothing too complex.

Clarence Johnson, the firm's president said, "The service concept took off and the stores were successful." Surrounded by impressive quick service competition, the business went into a "rapid expansion mode," according to Johnson. "We laid down the framework for growth, and set up good programs with vendors," he said.

"We're very successful at developing franchise stores," Johnson added. "Our biggest challenge was to arrange financing for the franchising."

The rapid growth period (until June 1988) yielded 12 stores – six franchise, six company run – all "significantly profitable," according to Johnson.

Now the company is poised at a crossroads. Having invested a great deal in creating a 12-store base, and surrounded by bigger and more established service franchises, the business is in a position to grab a bigger share of market – or to succumb to competitive pressures.

Management knows this, and has dug in for the fight. At this point, Auto Max management is working with what it has to maximize profits and cash flow situation.

"The first six months of this year are crucial," explained Johnson. "We have no plans for growth during this time. But we are very optimistic about the future. Our foundation is strong; all our operating units are very profitable."

If all goes well, the ultimate plan is to "fully saturate the Twin Cities market," in Johnson's words, within the next two years. Next, a decision will be made regarding expansion beyond the Twin Cities area. Management has not yet decided what franchise/company store mix it wants.

Auto Max is targeted toward the 25-54-year-old male, but is also concentrating on luring the female customer. According to Johnson, approximately 65% of the customer base is male. The business hopes to build its female customer base by continuing its policy of running clean stores, with niceties like magazine racks and Ladies' Day promotions.

To gain customers away from other quick service concerns, Auto Max employs its only lure – image. Using radio, newspaper ads, and direct mail, the firm bills itself as a low-price (not the lowest) high-quality alternative to other quick-service businesses in the area. According to Johnson, this has helped develop a fiercely loyal customer base. "Once a customer is established, people come back," he said.

Whether that base is large enough for Auto Max to carve its own niche remains to be seen.

DETAIL

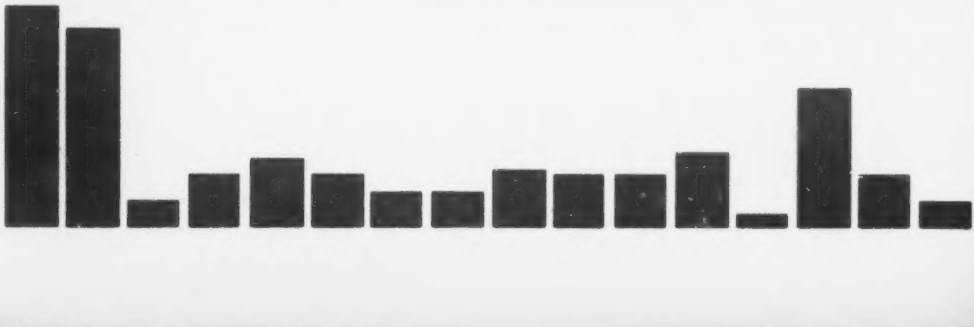
5%

more belts and hoses should be sold in 1989 than were in 1988, according to Wayne Manthei, manager automotive replacement products for Goodyear, Akron, OH.

PROFILE: BATTERY DIYers

Drawing from the 1989 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed batteries during the year prior to the study.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+ 40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	89.6%	10.4%	16.6%	31.4%	22.4%	13.1%	16.4%	26.4%	18.9%	18.8%	34.4%	4.9%	62.8%	20.2%	12.0%



REGIONAL MARKETS:

A LOOK AT THE OLD SOUTH

by **P.R.N. Katcher**, Research Editor

The area we call the "Old South" conforms rather closely to an area University of North Carolina sociologist John Shelton Reed described in the June 1976 issue of *Social Forces* magazine. He based his map of the area by going through the telephone directories of 100 cities in 40 states and counting businesses in them whose names included the word "Dixie."

Anyone who would use the word associated with the Old South's nickname would, he assumed, consider himself a true Southerner. And, places where a large proportion of such-named businesses existed would have a larger than normal Southern population.

The general boundaries of the area he found in which at least 6% of businesses were named "Dixie" match the general boundaries of the area we call the "Old South." Interestingly, in both cases, some areas not traditionally considered "Southern," such as southern Oklahoma, are actually quite Southern in attitudes and mores.

There are more stereotyped images of the area we call the Old South than there are of any other region in the U.S.—pick-up trucks with gun racks and Confederate Naval Jacks, good old boys sitting on rotting porches, sipping moonshine, while dogs lay under their feet.

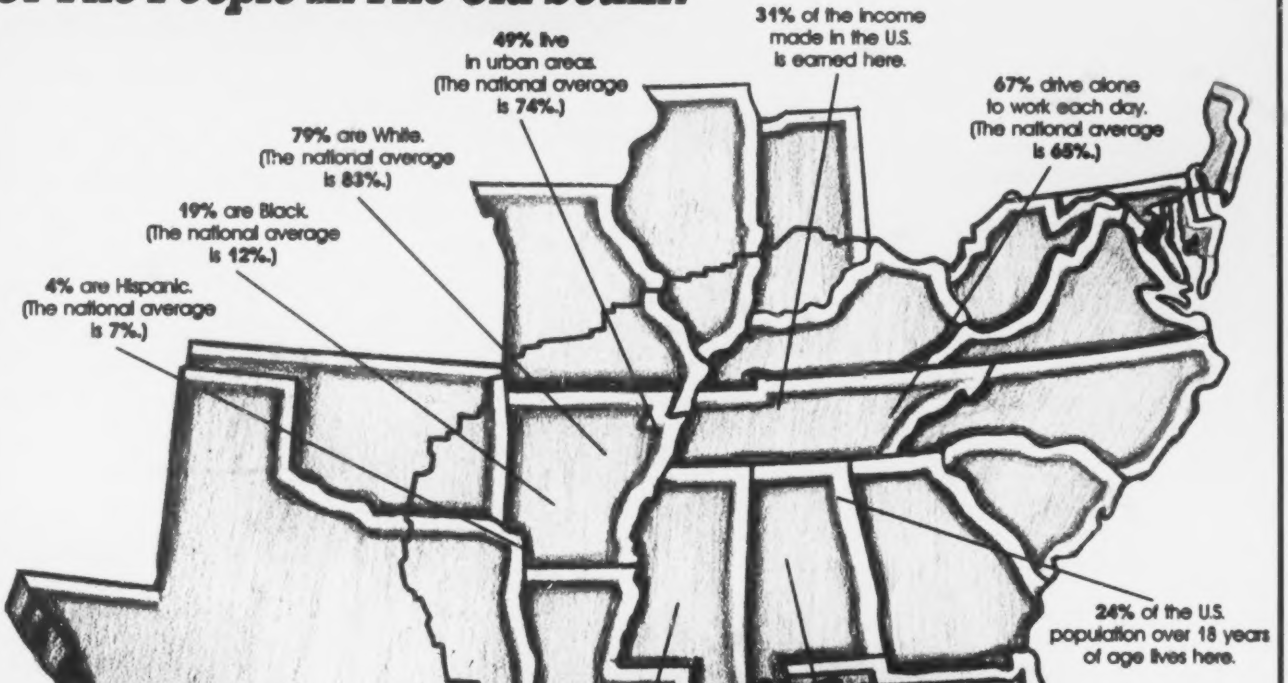
These stereotypes aren't peculiar to this century. In 1785 Thomas Jefferson, a Southerner himself, wrote that "Southerners are more indolent, generous, and hot-tempered" than Northerners.

Southerners are also more aware of their own region and themselves than most other Americans. "The South is the most distinctive major American region," Reed wrote. Its natives, he found, are less likely to visit museums, attend concerts, play sports, take pictures, or listen to most forms of music. They do like to sing themselves and listen to religious and country-and-western music. Southern social life, he says, revolves around home activities; church; and family—all at a slower pace than in other regions.

The area is different in the cars its inhabitants prefer, too. American-built large cars and pick-up trucks are the favored vehicles, although import percentages have grown here, as they have elsewhere in the country. Given these tendencies towards home activities and American-built cars, automotive DIY statistics are surprising. The percentage of people who own and are responsible for the maintenance of a vehicle and who do some automotive DIY work on it is actually the smallest of any region in the country (53.4%). This compares to a high of 66.9% in Grainbelt Central. The next lowest percentage is found in Megapolis North—that belt of cities from Washington to New York—and that is 55.2%.

Frankly, we cannot explain this unexpected fact. What we can explain is what the Old South DIYer is like. ■

Of The People In The Old South:


31% of the income made in the U.S. is earned here.
49% live in urban areas. (The national average is 74%.)
67% drive alone to work each day. (The national average is 65%.)
79% are White. (The national average is 83%.)
19% are Black. (The national average is 12%.)
4% are Hispanic. (The national average is 7%.)
24% of the U.S. population over 18 years of age lives here.
15% are college graduates. (The national average is 16%.)
60% are high school graduates. (The national average is 67%.)

In all, 53.4% of those who live in Old South and are responsible for taking care of a motor vehicle do some of maintenance work themselves. Another 5.7% aren't actually responsible for maintaining a vehicle, yet also do-it-themselves.

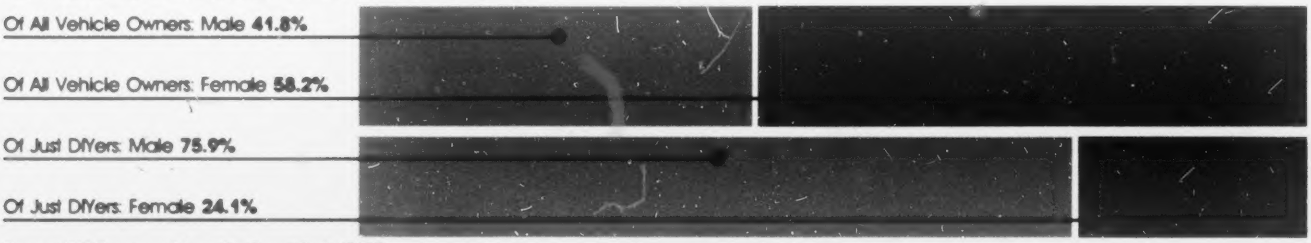
Some 12% of the Old South DIYers we talked with shop for automotive parts, chemicals, and accessories about once a month. Another 7.5% shop twice a year, obviously for seasonal maintenance efforts, while 10.3% shop four times a year.

On the whole, Old South DIYers have maintained the same automotive DIY work level, or even increased the level of work they do, over the past five years. In all, 87% of them told us this is the case. Over 33% of them expect the amount of automotive DIY work they do to increase in the future, as well.

When asked why they increased their work, 23% said it was because they had increased confidence in their DIY skills. Last year, in our *Consumer Automotive*

OLD SOUTH: SEX

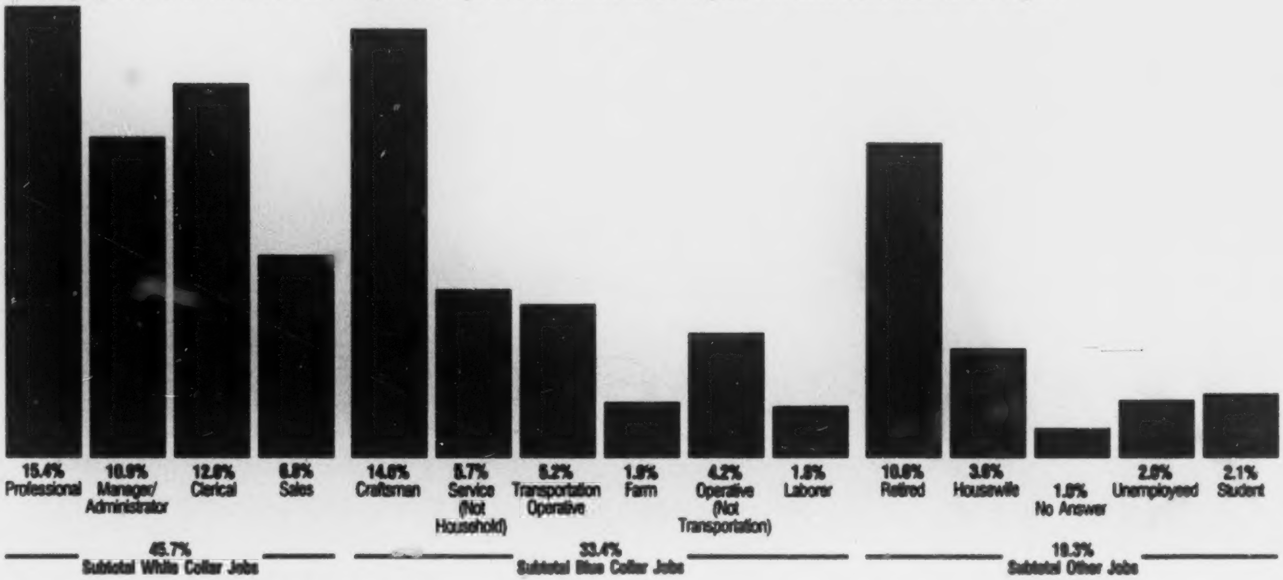
More women own vehicles, but more men do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

OLD SOUTH: DIYERS & THEIR PROFESSIONS

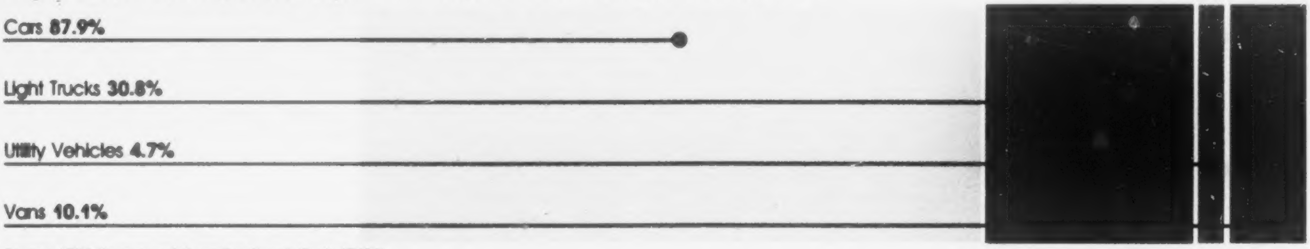
The changing economy has meant a change from high unemployment levels to growth in white collar jobs for this region.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and omitted responses

OLD SOUTH: DIYER VEHICLE TYPES

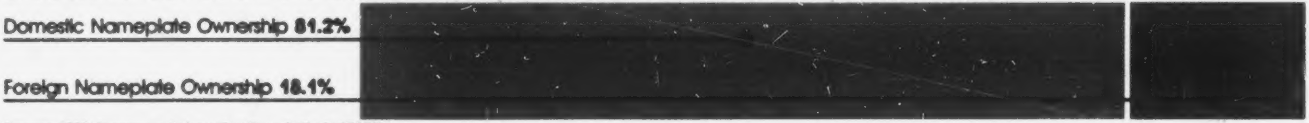
A light truck can be found in over a quarter of the households in which a vehicle is owned.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

OLD SOUTH: DIYERS & THE VEHICLES THEY OWN

Of Old South DIYers, more own a vehicle with a domestic nameplate than own a vehicle with a foreign nameplate.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple car ownership

Repair Study (CARS), 29% of all DIYers nationally gave this as a reason for their increased DIY work.

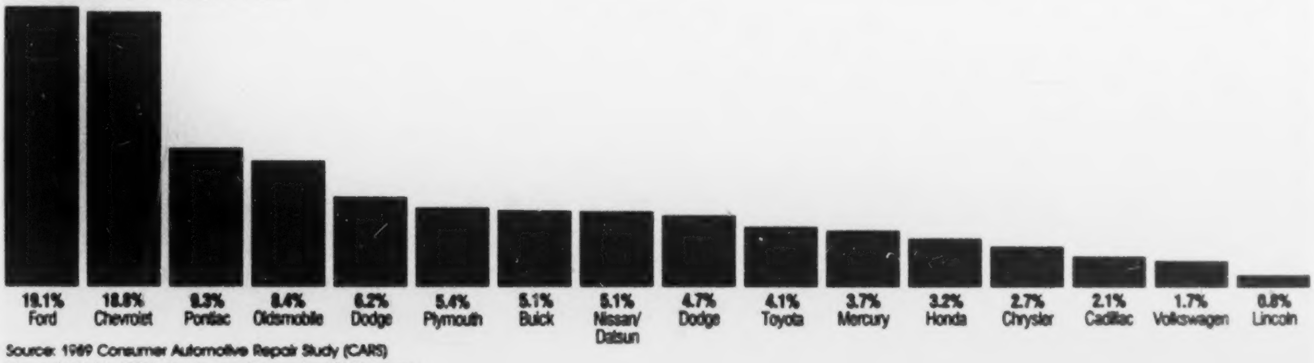
In all, 11% said they increased their DIY level because they enjoy it. However, 20% said they enjoy doing automotive DIY work a lot and 39% enjoy it "somewhat." The rest enjoy it "not too much" (26%) or "not at all" (15%).

These latter figures may explain the fact that a significant 29% said their DIY work had increased because they had less money to spend on car maintenance.

What do they think they can do? The answer is not as much as the aftermarket retail industry would like. In all, 55% of Old South DIYers said they could do only "some" DIY jobs, while only 14% said they could do "almost no" automotive DIY jobs. Otherwise, 27% said they could do "most jobs," while 7% said they could do just about any automotive DIY job there is. ■

OLD SOUTH: DIYERS & THEIR VEHICLES

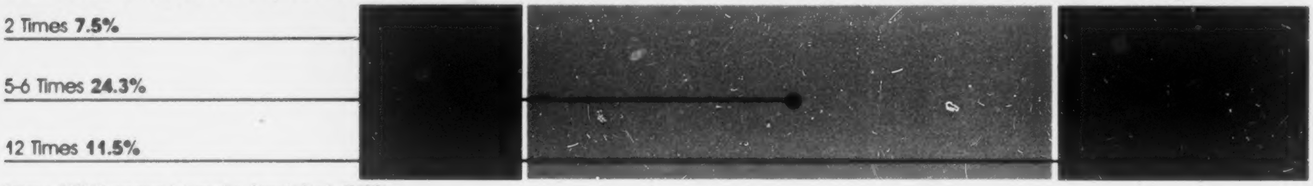
Domestic vehicles are the most popular among DIYers, but imports are catching up. Here's a list of the most popular makes and the percentage of Old South DIYers who own them.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

OLD SOUTH: SHOPPING FREQUENCIES

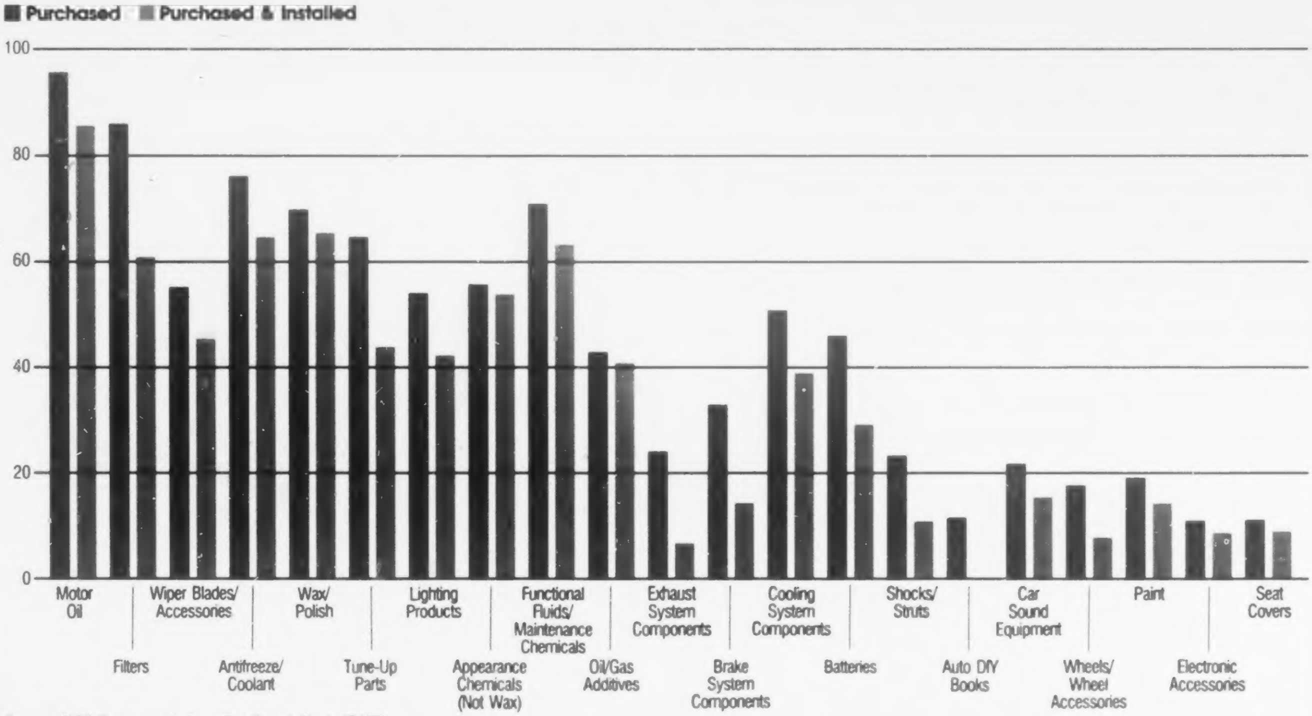
Of Old South DIYers, almost a quarter of them shop for automotive products five or six times a year. Here are the three major shopping frequencies.



Source: 1989 Consumer Automotive Repair Study (CARS)
Does not total to 100% due to omitted responses

OLD SOUTH: DIYERS & AUTOMOTIVE PRODUCTS

The easier the product is to install, the more DIYers do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

THIS SPECIAL SECTION IS SPONSORED BY HAYDEN INC., CORONA, CA

e.2150-10

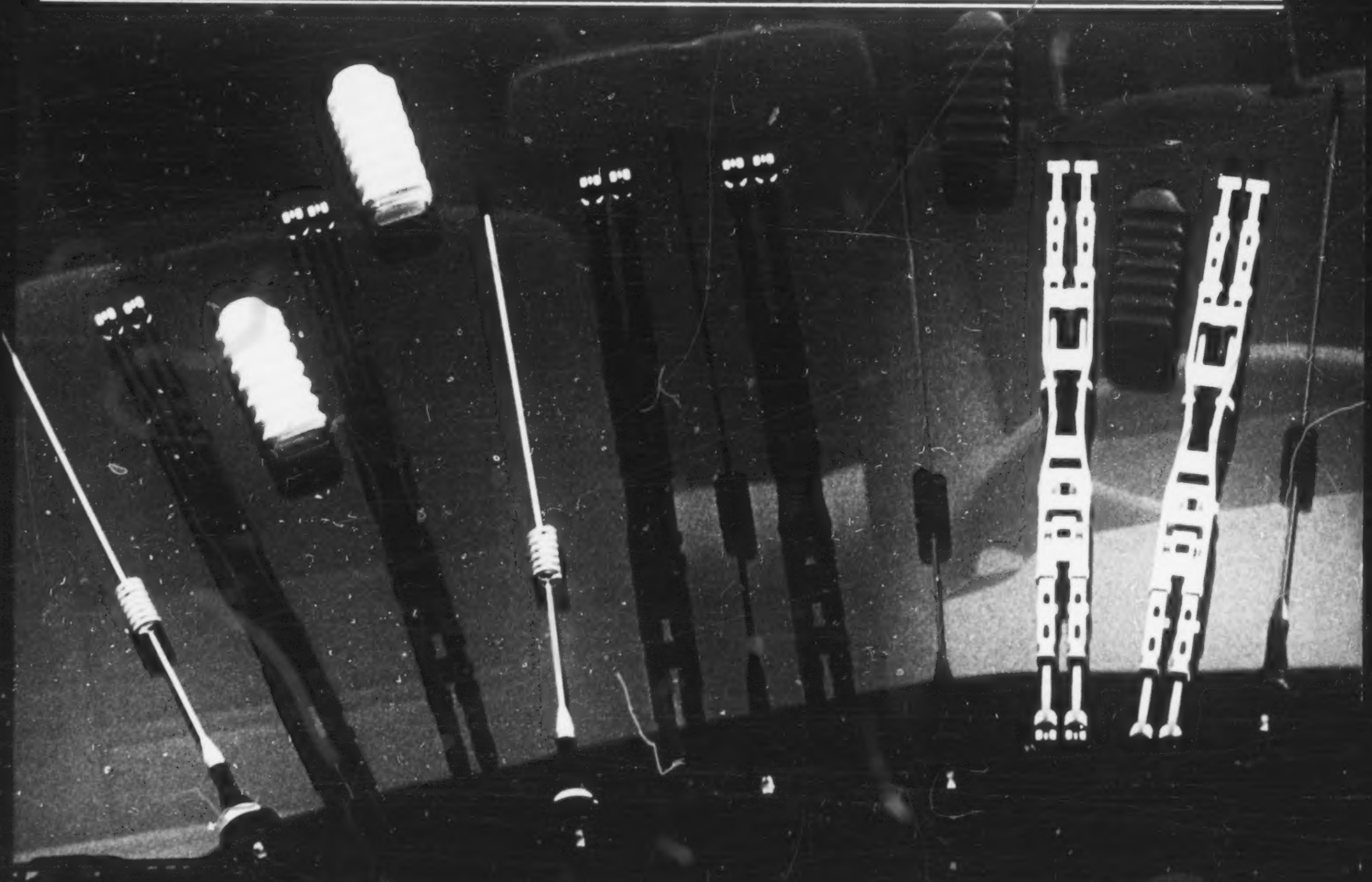
Chilton's

$3.50

AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

JUNE 1989



ACCESSORIES:

The Plain Look Goes Color

essories Sales Heat Up Down South

AM's Exclusive Study Of Light Truck DIYers

*************MIXED CTY 20813
C1077952576CN
BRENDAN MCNALLY 5
STATISTICAL REFERENCE MAY90
CONGRESSIONAL INFO SER.
4520 E. WEST HIGHWAY
BETHESDA MD 20814

Chilton's

AUTOMOTIVE MARKETING

a Chilton publication

June Issue Volume 18, Number 7

EDITORIAL STAFF
FAX (215) 964-4100

Rosemarie Kitchin,
Associate Publisher/Editor-in-Chief
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

P.R.N. Katcher,
Research Editor

John Wirebach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Jim Naughton,
Director of Graphics

Janet Lee Taylor,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

CHILTON COMPANY,
ONE OF THE ABC PUBLISHING COMPANIES,
A PART OF CAPITAL CITIES/ABC, INC.
Publishing President, Robert G. Burton
1330 Avenue Of The Americas
New York, NY 10019

Chilton Officers:
Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Publications, Douglas A. Robertson; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P. Kushnerick
Copyright 1989 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster: send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.

For a look at light truck DIYers, see page 30

FEATURES

***Automotive Marketing's* Exclusive Light Truck DIYer Study: A Look At Light Truck DIYers** 30
The light truck market is booming, but who's doing all that buying, anyway? And, what is it they're buying?

Accessories: The Euro Look Goes Color 38
Accessories are hot sellers.
Accessories for trucks are even hotter.

Accessories Sales Heat Up Down South 44
This year, it's light truck accessories.
Anything for a light truck is selling in Dixie.

Can The DIYers Who Shop In Your Store Fix This Car? 48
DIYers can still fix their own vehicles. But retailers will have to help them in new ways if they want to keep DIYers—and themselves—in the parts business. In this second part of a three part series, we look at the DIYability of two automotive systems: the drive train and fuel systems.

Getting To Know Your Customers 52
In this fourth part of a series on the different types of people who shop in your store, we take a close look at the needs of your older-than-50 customers.

DEPARTMENTS

Detailing The Market 5
Editorial 14
Market Line 16
Retail Operations 50
Products 53
Rep Guide 57
Ad Index 60
Reader Service Card 61

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢).

PUBLISHER'S NOTES

FALLING IN LOVE

We're falling in love with trucks at *AM!*

This month's issue contains the results of our first consumer research project geared specifically to the truck DIY market segment. We talked with the DIYers who take care of their own trucks, vans, and utility vehicles. One fascinating conclusion is that people love to work on these vehicles as much as they enjoy working on their cars.

But a caution! After romance's first blush, it takes work to enhance, and maintain, the relationship when it's no longer spanking new! Keep on top of your truck business, just as you do your basic products.

When we sent Senior News & Feature Editor John Wirebach on the road in Dixie to report on accessories sales, we knew he'd come back with some interesting tales. Check out his story on fast-moving accessories. To complement John's on-the-road piece, Contributing Editor Edward L. Kaufman analyzes the entire accessories market—inside, outside, and under.

When you're ready to read about something more than the "easy" accessories stuff, we continue our series on the DIYability of new cars. We also take a look at another special group of consumers—those 50-years-old and older.

Then there's Detailing The Market, Market Line, and our product section. Have a good time reading this issue, and let us hear from you.

Sarah J. Frankson
Group Publisher

DETAILING THE MARKET

IN-STORE FOCUS

DAVIS & CO. INC.
Headquarters: 1021 S. Church St., Rocky Mount, NC 27801
(919) 442-7114
Stores: 8
Total Corp. Sales: $3 million
Average SKUs: 35,000+
Founded: 1940

On the face of it, Davis & Co. could be seen as a sleepy little business serving sleepy Southern towns. But in fact, it's a hub of technology, serving as a test market for some of the most sophisticated POS and other computerized equipment.

The business was founded in 1940 by Grady Davis, Sr., who entered the auto supply business as a jobber, and then a WD. He opened his first store in Conway, NC. The second store, in Rocky Mount, NC, was opened 13 years later. The company penetrated southeastern Virginia in the early 1980s, and now serves northeastern North Carolina with seven stores and southeastern Virginia with one store. It also has a warehouse operation in Rocky Mount.

According to company president Grady Davis, Jr., "We have a traditional approach to the marketplace, but we've always tried to stay on the leading edge of the market, offering wholesale and retail services as needed. We have an outbound sales force, and have recently opened a small engine division to service customers. We've been open to new ideas, such as the engine division, since the company began."

But that's not what makes this small family business so unique.

Davis & Co. has access to every technological advance in POS systems, enabling it to control its inventory and ROI as well as the largest chains are able to do. This unusual situation is due to Grady Davis, Jr., who joined his father in the business in 1967.

Grady started his tenure in the company by opening the company's first warehouse distribution facility, the progenitor of today's warehouse. To control the inventory more efficiently, Grady developed a computer system for the warehouse and jobbing stores. The process took a number of years, as Grady gradually evolved a POS/order entry system for his own warehouse, and then for others in the industry. Grady had so many requests for his software, that in 1980 he opened a new company to provide POS and inventory management information and systems to jobbers and warehouse distributors. That was the beginning of DMS Corp., which has grown to a multi-national concern.

That leaves Davis & Co., the family-owned "brother" to DMS, as the natural proving ground for anything DMS develops. It has worked to the company's advantage, according to vice president/marketing Frank Davis, Grady's brother.

"The computer systems that we have today are a result of actual hands-on management experience in the automotive parts business rather than coming from an accounting or a computer technical background," he said. "What makes the system work as well as it does is our understanding of the auto aftermarket business."

It's a DMS system, naturally, that Davis & Co. operates. It ties in the stores and the warehouse, just like other POS systems do. But, said Grady, "I think the most unique thing is the inventory control aspects of our system."

"Our three major areas of concentration are increasing sales; streamlining the ROI; and providing the best possible service. Our percentage of items returned because they were incorrectly filled has decreased significantly. We're operating an over-90% fill rate from the stores. We have a sophisticated purchasing and inventory management system, and we're able to forecast purchasing in each location according to its individual demand.

"Everything is interfaced from POS to other areas of the system," he continued, "such as accounts receivable, purchasing, inventory management, accounts payable and general ledger."

Davis & Co.'s operations run in size from 3,500 sq. ft. to 25,000 sq. ft. But that "super store" is only 10% retail; the rest is warehousing.

Each store is configured depending on existing store shape. All have parts counters; all feature the Davis green, white and gold logo. At the present time, the company is 60% wholesale, 40% retail.

"We're not in the nature of a Checker or a Trak, but we're remodeling our stores to emphasize display and merchandising, and doing more retail advertising," Frank said.

"We're re-doing our stores to make them more attractive to the DIYer," he continued. "In the Rocky Mount location, we have taken approximately 4,000 sq. ft. and converted it into a small engine center (Davis is a Briggs & Stratton distributor). That has helped us compete very favorably with Advance Auto and Western Auto, because we feel we are meeting our customers' needs in every possible area."

In the smaller towns, Davis competes with NAPA stores, Car Quest, and other independent jobbers. It counters the competition in the same way it meets all challenges, said management: "By providing a better selection of inventory, which we can do thanks to our POS systems."

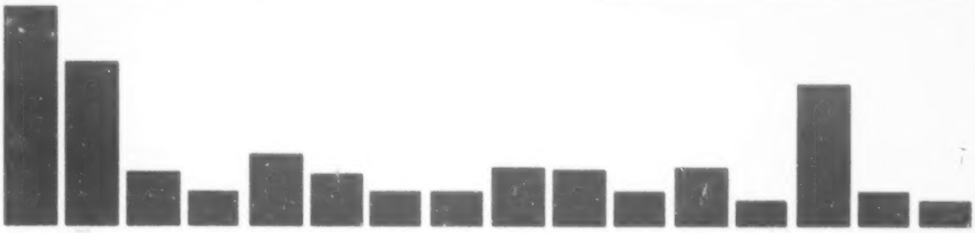
What's in store for Davis & Co.? "We have a unique advantage in that we can utilize all the new software and technology that DMS provides," Frank explained.

DMS uses Davis & Co. as its research and development lab for new products that DMS produces. For instance, POS is part of it, but DMS has total business systems. And there is electronic cataloging, for example. DMS has instituted a Quick/Order System™, which is electronic ordering by customers via modem. Our jobber customers can walk into one of their customers' garages, find out they need a part, and dial Davis and Co.'s computer right from the garage, and they can then order the part electronically then and there."

PROFILE: ANTIFREEZE/COOLANT DIYers

Drawing from the 1989 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed antifreeze/coolant during the year prior to the study.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	75.3%	24.7%	14.5%	33.1%	22.8%	13.7%	15.7%	26.6%	25.1%	18.4%	26.5%	9.8%	64.8%	16.1%	9.2%



DETAILS

89%

of all grocery stores in America sell motor oil, according to Daniel Weiss's new book 100% America.

MARKET LINE

Are Cars Built Better? What Does It Mean? The Retailers Reply.

Are today's cars built better? Will they last longer? In our March "Market Line," we examined trends in customer satisfaction and repair costs that seemed to say "yes" to both these questions.

Below are two stories on the issue of higher quality cars. One story examines surveys and studies that further indicate that today's cars are better made.

In the other story, we've asked a dozen or so aftermarket retailers, manufacturers, and observers what the impact of better-built vehicles might be on tomorrow's aftermarket. ■

New Quality Data Says Cars Built Better

In our March "Market Line," we examined whether cars are better made by looking at trends in customer satisfaction and repair costs. Since then, we've come across some more data.

For example, the latest J.D. Powers Initial Quality Surveys, done by J.D. Powers & Associates, Agoura Hills, CA, show that the number of problems per car increased slightly, from 166 in 1987 to 173 in 1988.

Director of publications David Whiteside attributed the slight drop in quality to many new model introductions, the growth of transplants among import cars, and the increasing use of new electronic technology in new cars.

Domestic cars actually increased their quality, with fewer problems per hundred (from 177 to 176), while import quality problems increased sharply (Japanese cars moved from 129 problems per hundred to 144 per hundred). The highest quality cars, according to the Powers survey, included Porsche and Mercedes at the very top, four Japanese makes (Toyota, Nissan, Acura, and Honda), three American makes (Cadillac, Oldsmobile, and Buick), and the Korean-built Daihatsu.

Whiteside noted that domestic cars continue to "vigorously tackle the problem of trouble-free delivery. However, it is difficult to master." Among those surveyed, 43% of domestic car buyers reported having to return to the dealer for repairs of unexpected problems. For Japanese car buyers, only 31% had to return for repairs.

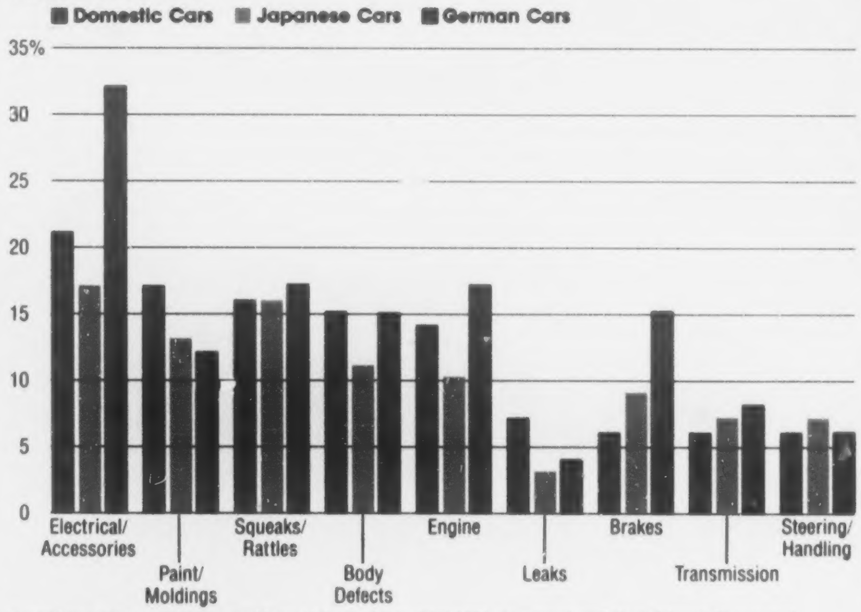
Domestic Makers Improve

Still, domestic carmakers have made improvements, improvements which have driven the overall quality standards of cars higher. Our sister publication, Chilton's *Automotive Industries*, which covers the OE market, recently printed a report produced for the OE carmakers by Rogers (now Maritz) Research, Toledo, OH. The report shows the domestic makers, led by Ford, had decreased the number of defects from an average of six or eight per car in the early 1980s to about three or four per car by the mid-1980s. On the other hand, the Japanese carmakers held a steady two per car average throughout the same period.

Ford showed the most improvement among the Detroit OEs, and is usually cited as the Detroit carmaker that has made the greatest commitment to quality. In the early 1980s, Ford was described as the company that best exemplified the decline of the American auto industry by

TYPES OF PROBLEMS ON NEW CARS IN 1988

The J.D. Powers *Initial Quality Survey* examines problems encountered by new car owners during the first 90 days of ownership. These were the percentages of owners who had problems by category on their new cars in 1988.



(Percentage of owners reporting problems. Columns do not total 100% because of multiple problems with one car.)
Source: J.D. Powers *Initial Quality Survey*

David Halberstam in his book *The Reckoning*. By 1987, the company had turned itself around so that it was more profitable than General Motors ($5.3 billion to $4.9 billion in 1988) although only selling about half as many cars.

Quality Guru W. Edwards Deming

One of the major reasons for Ford's success was its adoption of the teachings of quality guru W. Edwards Deming. Examining Deming's entire work would take a book rather than an article. Although Deming's lessons are aimed primarily at production work, many of his ideas can be applied by retail merchants as well.

After a stint at Western Electric, Deming went to work for the census department where he instituted statistical controls for sampling that made census taking more efficient. During World War II, he worked on war production.

However, as a post-war boom followed the war, Deming found that no one was interested in quality controls. In his opinion, with unlimited demand, American industry felt no need to be efficient or quality conscious. For the next 20 years or so, the U.S. enjoyed unparalleled demand and little competition for its industrial products.

So Deming went off to help Japan rebuild its ruined industrial base. The Japanese accepted Deming's Statistical Process Controls as a way of life. Through a commitment to quality controls, Japanese products, which were viewed as junk in the 1950s, became known as the highest quality goods by the 1970s. Deming became a national hero in Japan.

The success of Japanese industries in competing against U.S. automakers and other industries has led to a re-discovery of Deming in the U.S. In his eighties, Deming has been brought in to consult with a host of companies, including AT&T, Campbell Soup, GM, and Ford.

Deming's key parable is the Red Bead Game. In it, he selects members of his audience to portray workers. Their task is to lift 50 beads at a time on a paddle from a vat holding 800 white beads and 200 red beads. Only white beads are acceptable products. Obviously it's impossible to collect 50 white beads at once. And that's the point: a system cannot attain perfect production (white beads) when it contains built-in flaws (red beads). The system, not the workforce, is the problem. The solution is to eliminate the red beads, not simply harass the workers. Teach the worker to monitor himself, correct defects, and seek causes for defects, rather than simply access the blame, Demings suggests.

Deming says that the quality problem lies with American management systems rather than American workers. And, American management will have to change to succeed. He cites the "Deadly Diseases" of management:

- Lack of constancy of purpose, which can also be called a lack of long range planning. Quality is a process, not a program.
- Too much emphasis on short term profits at the expense of long range goals.
- Too much emphasis on employee evaluations, MBOs, ratings, etc. Management by fear.
- Too many job hopping managers who never really learn their job.
- Too much emphasis on counting the money, on visible numbers. For instance, no one knows the real cost of an unhappy customer.

These "Deadly Diseases" can be at-

Our Boxes, Your Profits.
Perfect Fit.

Lido custom-fit storage boxes for SUV's.

Lido's Side-liner™ storage boxes will fit only one way in your customer's Sport/Utility Vehicle . . . **perfectly**. That's because Lido Side-liners are the only custom-designed, custom-fitted storage boxes with complete coverage of the SUV market. Plus, it gives that 'O.E.-look' so important to SUV owners.

Just like our boxes, Lido's new sales programs are custom-fit for the SUV aftermarket. New W/D and retail programs, attention-getting P.O.P., workable terms, shipping policies and an advertising co-op program. So don't get boxed out. Box-up your profits with Lido Side-liner™ storage boxes and Lido Gate-liner™ tailgate protectors. Call **800-552-LIDO** for more information.

LIDO
INCORPORATED

4343 Industrial Center • San Antonio, Texas 78217-4812
Sales and Marketing Office • 9 E. 4th Street, Suite 303 • Tulsa, Oklahoma 74103

(Circle 13 on Product Information Card)

tacked by any management team committed to quality. However, Deming adds that excessive medical and warranty costs also severely hinder American industry.

Changes At Ford

Ford president Donald Peterson claims he is a "Deming disciple." In 1984, Ford adopted a mission statement saying quality comes first. Among the changes at Ford: a two-week Summer shut-down rather than use of fill-in, poorly trained replacement workers; adopting suppliers as partners and applying Deming's principles to supplier production lines; and three-year operating budgets rather than annual budgets.

Since retaining Deming, Ford claims a 59% reduction in customer complaints. In addition, the company has gained about 3-4% in market share and, as noted above, in 1987 it had higher profits than GM for the first time since 1924. It continued to do so in 1988.

Interestingly enough, GM recently hired the main Deming man, Bill Scherkenbach, away from Ford in 1988. GM's one experiment with Deming's principles at its Fiero plant was highly successful. The Fiero had the highest quality rating at GM, although the car was not a commercial success.

Whether Ford will hold its high quality position and GM continue to raise its quality must still be seen. For the present, it's enough to note that quality continues to rise among domestic carmakers while imported cars continue to maintain even higher quality.

Repair Costs Down

Some indication of this is seen in the April 1988 *Consumer Reports* auto issue. Executive director Rhoda Karpatkin writes, "One thing is clear: cars are improving. Last year and this, data from our annual frequency of repair questionnaires clearly show that average cars require fewer repairs, at least in their early years, then they once did."

CR's average repair costs bear this out. The table with this story shows a decline in average costs since 1986. The 1989 repair costs were even lower.

An April 17, 1988, Paine Webber Report on the aftermarket also cites *Consumer Reports*. Analyst Ann Knight writes, "According to the magazine's frequency-of-repair questionnaire, parts that frequently wear out (like brakes and clutches) are significantly more durable than they were five years ago. The questionaire also measured fewer repairs for engine cooling, exhaust and suspension system parts. Although surveys like these are not conclusive, they do suggest that longer-term caution for the aftermarket is appropriate. . ."

The PaineWebber report also notes, "Although more vehicles are driving America's roads and more of these vehicles are three-years-old and older, scrappage rates indicate that parts and components are more durable. As a result, vehicles are likely to require fewer repairs as they age, causing aftermarket demand to be slightly weaker than expectations." The report concludes that the auto aftermarket has "not-so-great expectations."

For us, however, the key sentence was further along in the PaineWebber report where Knight writes, "While most observers are at least intuitively aware that cars and trucks have become more durable, they seem unaware of the full implications for sluggish aftermarket demand, at least by past standards."

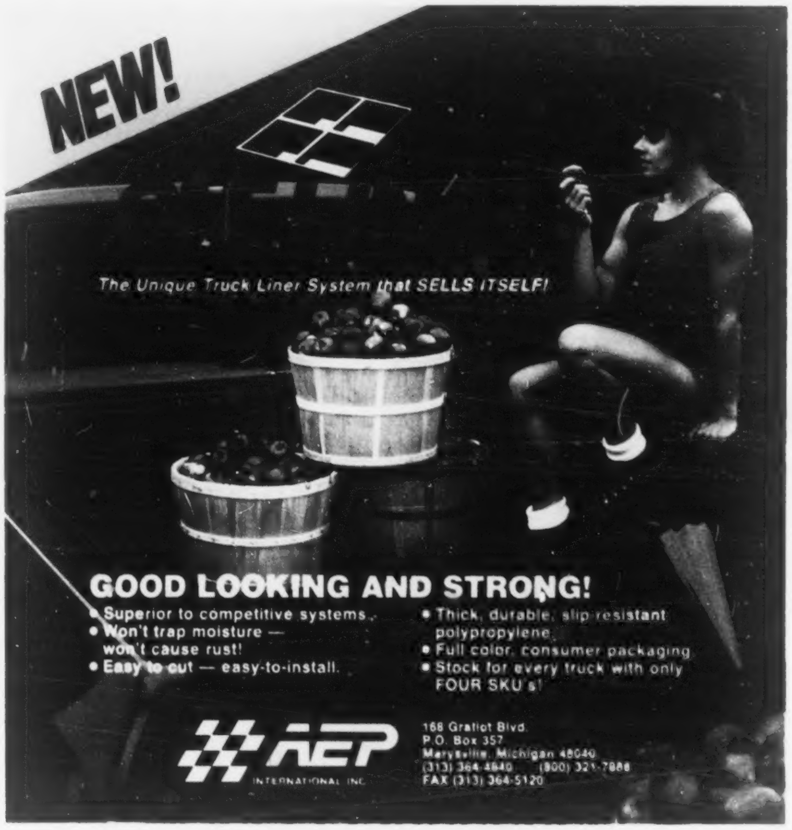
For our companion story, we spoke with a dozen or so members of the aftermarket about the implications for the aftermarket from higher quality cars and trucks. ■

CONSUMER REPORTS REPAIR COSTS

A continuing study of repair costs conducted among readers of *Consumer Reports* magazine suggests that repair costs are declining slightly in spite of inflation and rising repair shop prices. Between 1980 and 1986, the average cost of repairs rose gradually each year, but since 1986 costs have actually declined slightly. The sample size was 544,000 in 1988.

	Average Repair Costs By Age Of Car				
Year	2-Years	3-Years	4-Years	5-Years	6-Years
1985	$110	$210	$290	$360	$380
1986	$120	$220	$300	$380	$410
1987	$110	$210	$300	$380	$430
1988	$110	$200	$280	$350	$400
1989	$110	$190	$240	$280	$300

Source: *Consumer Reports* magazine


NEW!
The Unique Truck Liner System that SELLS ITSELF!
GOOD LOOKING AND STRONG!
• Superior to competitive systems.
• Won't trap moisture — won't cause rust!
• Easy to cut — easy-to-install.
• Thick, durable, slip resistant polypropylene.
• Full color, consumer packaging
• Stock for every truck with only FOUR SKU's!
AEP INTERNATIONAL INC.
168 Gratiot Blvd.
P.O. Box 357
Marysville, Michigan 48040
(313) 364-4840 (800) 321-7888
FAX (313) 364-5120

(Circle 14 on Product Information Card)

What Do Better Cars Mean To Aftermarket?

As we suggested in our March "Market Line" story, the aftermarket may be facing a completely new situation.

For the first time in many years, OE carmakers are advertising quality and durability rather than looks, performance, and status. There is also much evidence, based on trends in consumer satisfaction and repair costs surveys, to indicate that newer cars are better built and more reliable (See our March "Market Line" and the companion story in this "Market Line" for more on this subject).

So, if this is a trend, if new cars and components do require less maintenance and repairs, the question becomes: who will need parts, and what is the aftermarket going to sell?

The Question Of Reliability

On the question of reliability, all of about a dozen aftermarket retailers we spoke with agreed that new cars were better built and more durable. AutoZone, Memphis, TN, vice president Tim Vargo hesitated to agree, however, since his Taurus had blown a radiator hose on the way to work the morning we called.

But on the question of what it might mean, there were few conclusions. Most retailers took the line of Mike Manor, president of Chief Auto, Seagoville, TX, who said, "If consumers have more confidence in new cars, they'll keep them on the road longer. Overall, no matter how good they are, components will fail. Over the long haul, I'm positive: one way or another, it's a good thing for us."

Vargo suggested, "Logically, if cars last longer, the DIY curve will go up. Cars still need routine maintenance; they still will break down. The long term implications? It's good for the parts and accessories business. I'm not a pessimist."

And Ken Brooks, vice president at Hi-Gear, Capitol Heights, MD, said, "Who knows what the long-term effects will be? Every time the OE makers make improvements, the aftermarket screams doom and gloom. If people keep cars longer, they'll have to invest more in maintenance. We'll sell more filters, brakes, tires, and batteries. A lot of stuff. We'll sell more accessories."

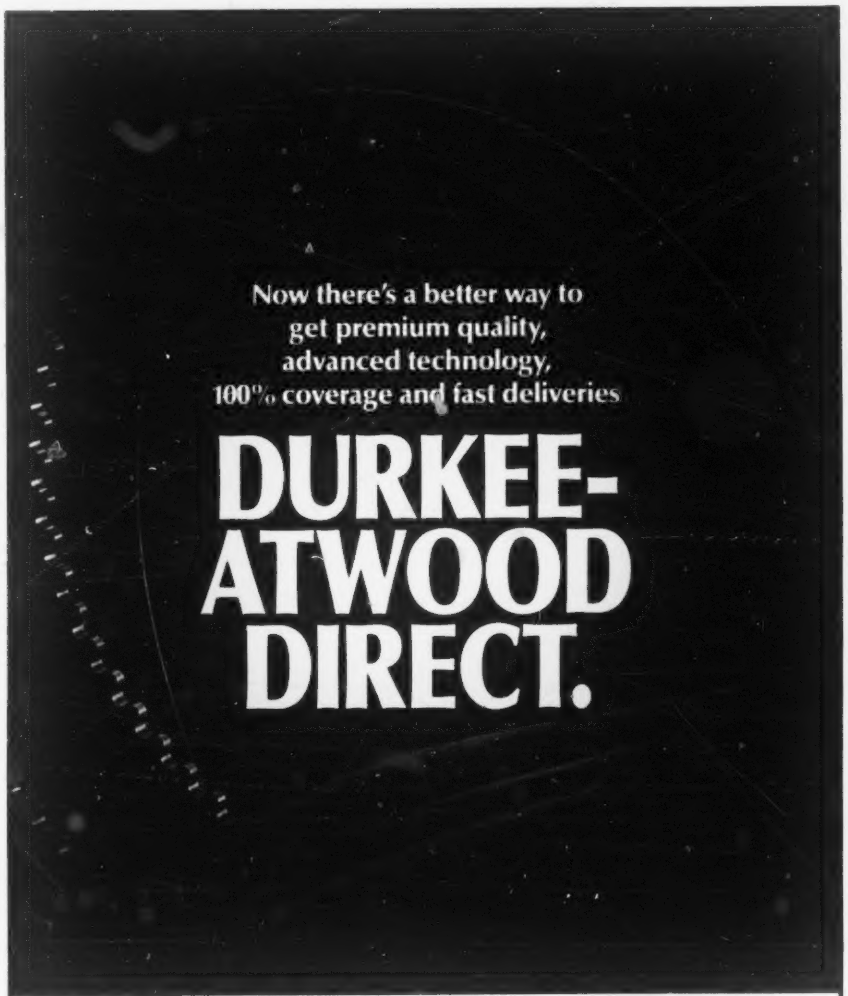
Those who were involved with parts where quality has already impacted the market, however, reacted more cautiously. One example comes from the market

PROBLEMS PER CAR

Beginning in 1987, the J.D. Powers company surveyed a projectable sample of new car buyers of 156 model lines to determine the incidence of problems during the first 90 days of ownership. Of surveyed owners, 40% encountered unexpected problems in 1988. The average number of problems for all cars was 1.73 according to the owners.

	Number Of Problems In 1988	Number Of Problems In 1987
All Cars	1.73	1.66
Domestic Cars (Excluding captive imports)	1.76	1.77
Japanese Cars (Including transplants)	1.43	1.29
European Cars	[illegible]	[illegible]

Source: J.D. Powers *Initial Quality Survey*



FACTORY-DIRECT QUALITY.
We'll put our premium V-belts and hose up against any other belts and hose in the industry. Nobody makes better quality than Durkee-Atwood. Compare coverage. Compare delivery. We don't take a back seat to anyone.

FACTORY-DIRECT SERVICE.
Means technical assistance and 100% back-up available direct from Durkee-Atwood Engineering and Sales Service. We'll work directly with you to help serve your customers.

FACTORY-DIRECT PRICING.
Best of all, our V-Belt and Hose Program includes pricing to help make Durkee-Atwood the most profitable line of belts and hoses you can carry.

DURKEE-ATWOOD DIRECT.
IT'S A WHOLE NEW BALLGAME.
(Call Collect (612) 535-0441
for Complete Details.)

D A
DURKEE ATWOOD
V-Belt Performance

DURKEE-ATWOOD COMPANY • P.O. Box 9459 • Minneapolis, MN 55440-9459

(Circle 15 on Product Information Card)

in parts for import vehicles where the perception has always been that imported cars and trucks are higher quality vehicles.

Questions To Answer

Randy St. John, president of Beck Arnley/Worldparts, Nashville, TN, said, "That's a very interesting question. I believe cars are (more reliable and durable). I just said that to Mr. (Fred) Mancheski (CEO of parent company Echlin), and he challenged me to prove it. So I have a project under way. I think if it's true, we'll see the same thing happen to import parts that happened to spark plugs when Detroit stopped selling eight-cylinder cars. On American cars, we haven't seen an enormous improvement in quality. Yet. But on imports, from personal experience, I'd say yes. So I'm trying to prove it. Check with me in six months."

And Hank Allessio, of Easton Consultants, Hopkinton, MA, noted that while imports have increased units in operation in the four-to ten-years-old category, sales of parts for imports are not proportionately as strong as they should be considering the vehicle increase.

"I'm putting together some data that might give us a pretty good understanding of whether import cars fail at a different frequency than domestic cars. In my heart, I feel they do, but I only have antedotal proof. For instance, a WD pointed out all the Toyotas in a lot by his warehouse. Then he reached in his desk and pulled out a ball joint. It looks like any other, but instead of going on a 3,000 pound Chevy, it goes on an 1,800 pound Toyota. So it never wears out. But I can't cite any data. I can say I agree and that's part of the reason why the aftermarket has a lot of foreign car parts sitting around in inventory. You can't use units in operation as a barometer of sales for foreign cars," Allessio said.

At Hi/LO Auto in Houston, vice president Dirk Hoyt said, "I've felt for some time that higher Japanese registrations will mean fewer parts to sell. We sell fewer *true* hard parts for imports. We still sell a lot of belts, hoses, and filters for imports, but true hard parts don't do as well as they should. I think we hit those cars later in the life cycle. For domestics, we put new parts in right away and we have some sales the first year. But generally, with Japanese cars it's not a wise inventory move to put new model parts in."

So it seems that the higher quality of Japanese cars has affected sales of parts for imports to some degree, although the impact of higher dealer sales and import specialists also play a role.

A Look At Exhaust Parts

We might also examine the exhaust market where, as Hoyt noted, pollution controls, stainless steel systems, and less moisture in the system has led to a flat market. Hoyt also noted that between competition from muffler shops and declining demand, Hi/LO exhaust sales are half of what they were ten years ago.

Jack Gallagher, president of Monroe Muffler and Brake Shops (now with 129 shops), Rochester, NY, said, "Quite frankly, yes. Cars are getting better because of government intervention and having to guarantee some parts of the car for 50,000 miles. Carmakers are apt to pay a little more attention to quality if they have to pay for it. If it continues, we may see something very much like what's happening to the exhaust market. Exhaust sales are flat, discounters are getting out of the business, and it's not growing at the pace I'd like to see." As a result, muffler shops have gone into other undercar services.

However, Gallagher feels that while overall vehicle repairs may be less frequent in the future, they're apt to be more expensive. "I don't really care if I sell two at $50 or one at $100."

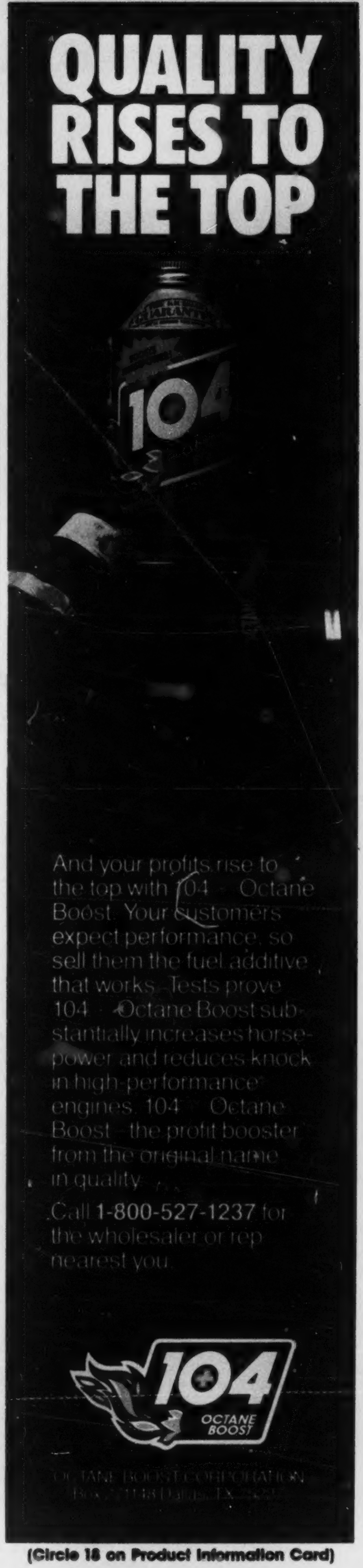
From New Car Dealers

Let's examine some data from the new car dealer's side of the business. Consultant Dennis Virag of the Automotive Consulting Group, Ann Arbor, MI, noted that there appear to be fewer incidences of repair on new cars, "but the cost of the repair has gone up drastically due mainly to the integration of electronics," he said.

"It's extremely difficult to diagnose the problems. There are very few instruments that do a sufficient diagnostic job. Technicians start replacing parts until they find the right part to replace. At one of the Big Three OEs, with anti-lock brake repairs, 95% of the returned brake control units test good, but technicians are going for the quick fix and replacing the unit. Technicians are trying to solve the problem by the simplest method, not necessarily the most cost effective," Virag went on.

Faced with higher warranty costs due to inefficient repairs, Virag feels the OE carmakers will soon roll out strictly proprietary diagnostic programs to make their dealerships more efficient. In fact, GM is on the verge of putting its CAMS (Computerized Automotive Maintenance System) in its dealerships, according to Virag, and the other OEs are not far behind GM. "Without these CE diagnostic systems, the aftermarket will have a difficult time servicing future vehicles."

Whether the dealerships can handle

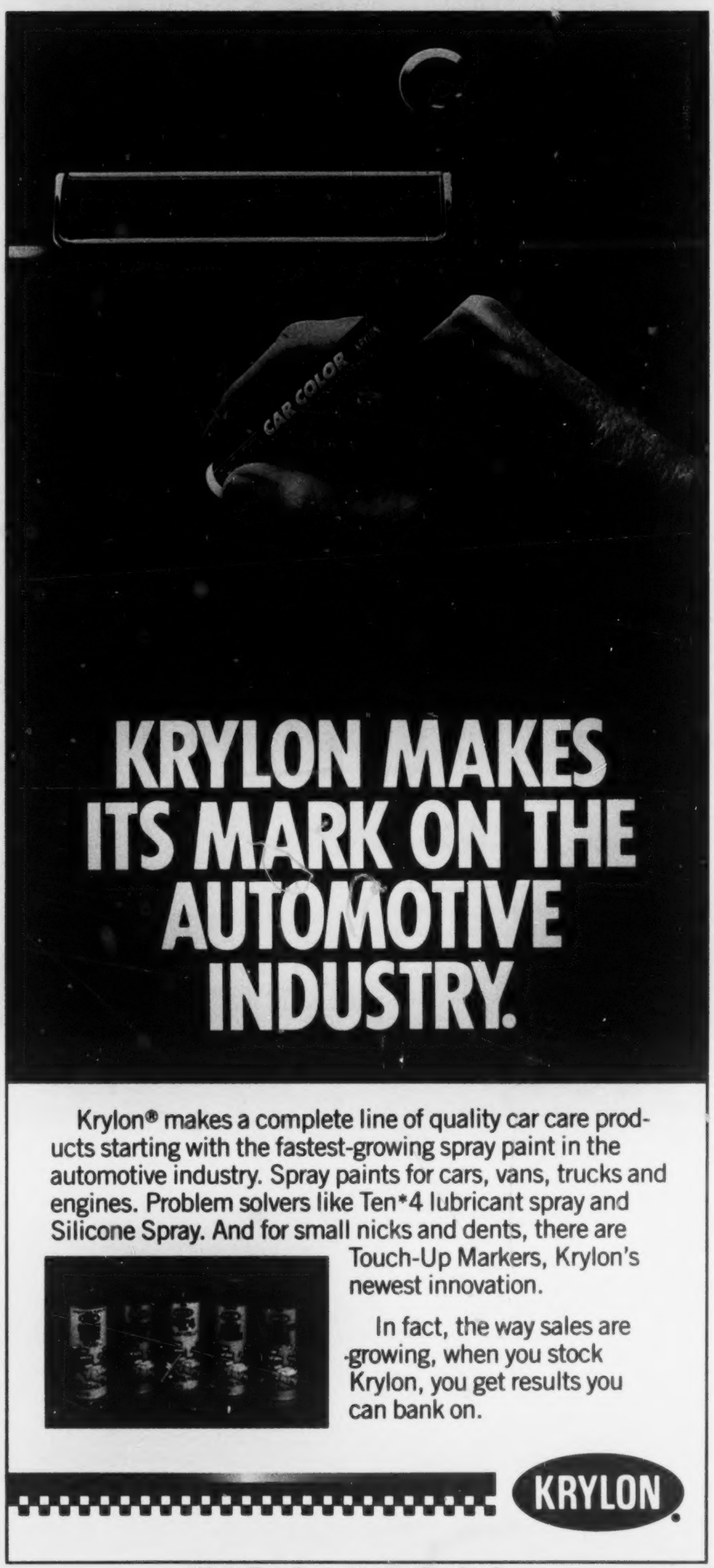


And your profits rise to the top with 104+ Octane Boost. Your customers expect performance, so sell them the fuel additive that works. Tests prove 104+ Octane Boost substantially increases horsepower and reduces knock in high-performance engines. 104+ Octane Boost—the profit booster from the original name in quality.

Call 1-800-527-1237 for the wholesaler or rep nearest you.

OCTANE BOOST CORPORATION
Box [illegible] Dallas, TX [illegible]

(Circle 18 on Product Information Card)



Krylon® makes a complete line of quality car care products starting with the fastest-growing spray paint in the automotive industry. Spray paints for cars, vans, trucks and engines. Problem solvers like Ten*4 lubricant spray and Silicone Spray. And for small nicks and dents, there are Touch-Up Markers, Krylon's newest innovation.

In fact, the way sales are growing, when you stock Krylon, you get results you can bank on.

(Circle 17 on Product Information Card)

MARKET LINE

the amount of work remains an open question. Virag thinks about 20% of total volume is the best they can do. It seems that domestic car dealers are beginning to recognize the the value of service sales, especially with the example of import dealers grabbing some 40-50% of the import replacement parts market. Last year might have shown the value of service sales. While new car sales declined about 7%, dealer dollar sales remained steady because revenues from parts and service sales continued to rise, according to the National Auto Dealers Association (NADA).

NADA chief economist Tom Webb said dealer service sales were $43.4 billion in 1988, up from $38.7 billion in 1987. This also suggests that individual repairs are more expensive since repair orders were flat in 1988. Total warranty sales were $6.8 billion in 1988 and $5.9 billion in 1987. Although there's no indication that dealer share of market has increased, Webb noted that about 40% of new cars are now on extended warranties (up to 70,000 miles), a far higher percentage than ever before, which only means more dealer repair sales in the future.

The Example Of The Tire Market

The aftermarket may have to take lessons from the tire market where higher quality has hurt the business and tire shops have been forced to get into other areas simply to remain profitable.

Joe DePaolis, president of Johnny Antonelli Tires, Buffalo, NY, said, "Yes, without a doubt. From what we can see in servicing these newer cars, breakdowns are minimal. We're just doing routine maintenance. That's the biggest factor affecting the tire business. Car owners are getting the full 40-50,000 miles of use built into radial tires. The tire life was always there but due to mechanical irregularities, the tires wore out sooner. Tires were knocked out of line or the shocks failed, or there were other irregularities. We're not finding that as much anymore."

DePaolis feels higher quality might accelerate shake-outs among weak dealers. "Long term, the market's going to go through a shake-out. But the better people who are better equipped to handle it will stay in business. Quite frankly, it's not going to be a disaster for the market. First, there're always going to be enough old cars around. And second, if people keep cars longer, no matter how good the car is built, parts will wear out."

MARKET LINE

An Answer For The Aftermarket?

That would seem to be the answer for the aftermarket. First, no matter how well the car is made, eventually some components will fail. And second, as Wayne Yodzio, senior vice president of merchandising and purchasing at ADAP, Avon, MA, noted, "I don't see it having any affect on accessory sales; and if cars last longer, it can only help maintenance item sales. Filter sales, body repair stuff, chemicals, headlights, they should all continue to grow in sales." ■

[illegible]

ASIA, AWAE Fight Mandated OE Parts

Officials of the Automotive Service Industry Association (ASIA) and Automotive Wholesalers Association Executives (AWAE) met recently in Chicago to plan a campaign against state and federal legislation that would require OE parts to be used in repairs.

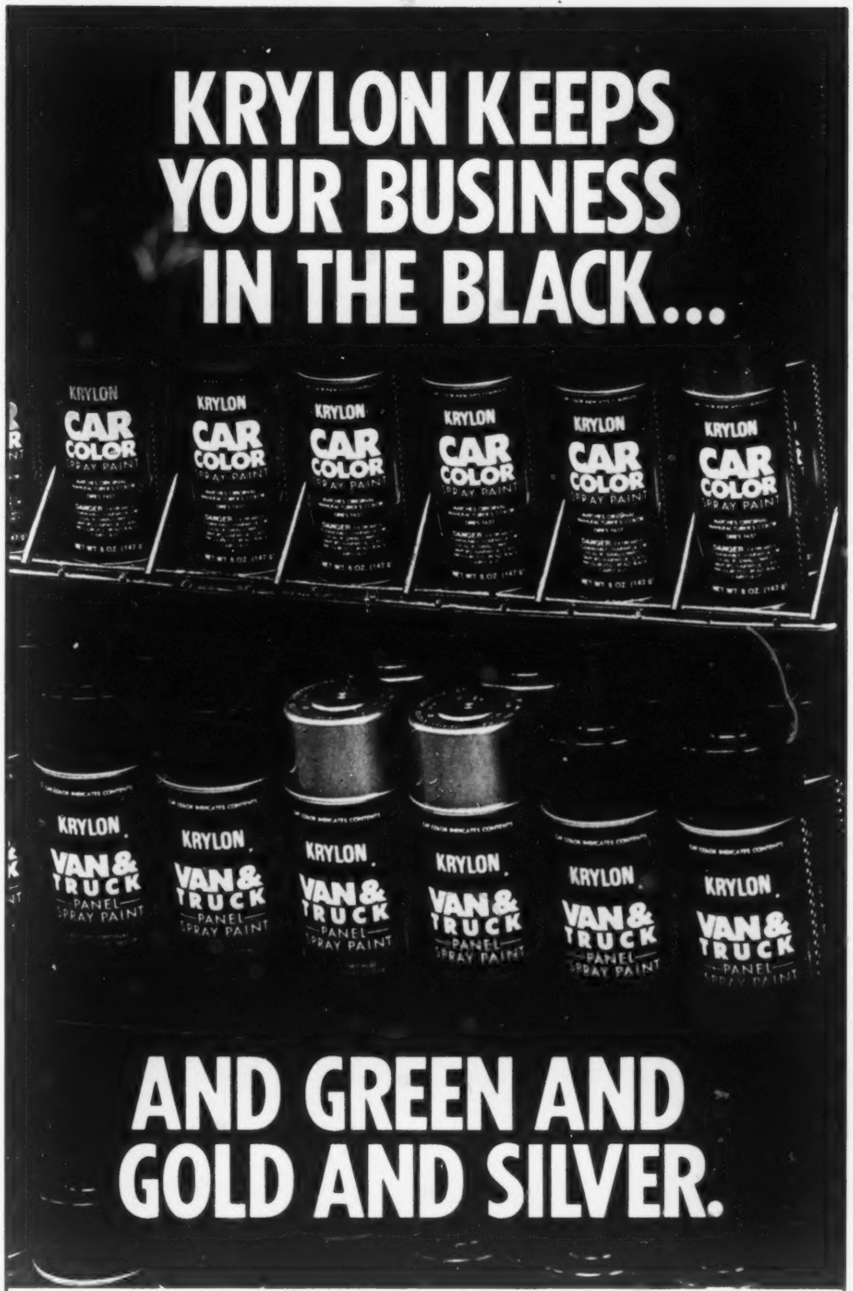
Some 18 states have passed, or are considering, legislation requiring special disclosures and consumer consent for installation of parts not made by the original manufacturer of the vehicle.

Although the laws are aimed at body repairs, ASIA and AWAE believe many of the laws are so vaguely worded they could be misinterpreted to extend to any parts on the vehicle.

ASIA president John Nerlinger said it's simply an issue of individual choice: consumers should not be forced to go to one market to repair their cars. "The issue is a simple one. It is original equipment parts versus non-original equipment parts provided by a free market. We believe the term OE part refers only to the source of the part, not to its quality."

AWAE president Steve Hamilton said, "Laws mandating, or giving preference to, original equipment limit the availability of parts, restrict the consumer's freedom of choice, and give the vehicle manufacturer a monopoly on the sale and installation of automotive parts at the expense of a free and independent aftermarket."

The two associations plan to coordinate all opposition to such laws at ASIA, based upon information and testimony from individual state wholesalers associations. ■


KRYLON KEEPS YOUR BUSINESS IN THE BLACK...
AND GREEN AND GOLD AND SILVER.
KRYLON CAR COLOR SPRAY PAINT
KRYLON VAN & TRUCK PANEL SPRAY PAINT

With over 100 exact match colors to choose from, it's no surprise when you stock Krylon® automotive spray paint, it outsells all the others.

Krylon makes a wide range of maintenance products for the do-it-yourselfer, from car colors, primers and engine paint, to 41 original manufacturer colors for vans and trucks. Krylon also makes Silicone Spray and Ten*4 to lubricate and protect car surfaces. And Krylon innovates with Touch-Up Markers for smaller dents and scratches.

So stock up on the entire line of Krylon automotive products. They're the color of money.

KRYLON®

(Circle 19 on Product Information Card)

Take Risks Or Die, A WD Study Suggests

WDs will need new skills and will have to take a lot more risks if they are going to survive into the 1990s, according to Eileen Lucas, Arthur Anderson & Co., Washington, DC.

Lucas said Anderson's latest study of the WD market, which covers automotive WDs and WDs in other industries, sees a rapid consolidation of WD firms between now and 1995. Thus the larger WDs will gain market share at the expense of the smaller ones. The Delphi-type study was conducted by circulating questionnaires among WDs in various markets for their opinions on specific issues.

Lucas noted that the size of the average WD has grown 10% since 1982, when Anderson's last study was conducted, while the overall number of WDs has dropped since then.

Any industry has four phases, she said, the introduction, growth, mature, and declining phases. Right now, WDs are in a mature phase, facing problems of overcapacity, price pressures, and market fragmentation. Hence, between now and 1995, she said, "Non-WD distribution channels will grow faster than the wholesale channel." Nevertheless, the Anderson study predicts industry growth rates of 3.9% for WDs from now until 1990 and 4.3% from then until 1995.

Looking At Specific Changes

"WDs need to look at specific customer markets for their growth," she said. The Anderson study predicts that there will be a 13% decline in traditional WD market sales, while WDs will see growth of 60% in catalog sales, 25% in direct retail sales, and 35% in processing and manufacturing sales.

Automotive WDs will see, the report said, a drop in sales to retailers but a growth in sales to commercial customers as the service industry grows.

The study predicts shorter order fill cycles, with 40% of orders being filled the same day by 1995. Gross margins will remain stable through 1995. There will be fewer vendors by 1995, but more lines and products to be handled. The bulk of sales will switch to new products and away from products that are commodities today. Industry turns will rise to an average of eight by 1995 from today's seven. Logistics costs will drop. Outside sales forces and outside sales-generated orders will drop in number. Less time will be spent per customer. Use of outside shippers will grow as WD-owned fleet use decreases. CEOs will be younger, with more professional training. There will be a definite shortage of qualified personnel for most jobs.

WDs Enter The Electronic Age

"If you're still doing business like you did 100 years ago, writing orders by hand, you're really missing the boat," she said.

Smart WDs will increase their electronic technology investments, even though the equipment costs will continue to decline. The emphasis through 1990 will be on improved productivity. Thereafter, it will switch to decision-making, with such tools as artificial intelligence.

According to the Anderson study, less money will go toward the massive mainframes, and more to equipment like personal computers and bar code equipment and scanners.

Bar code scanning will jump from 48% use to 59% use by 1995. "The lack of standardization is holding back bar code acceptance and WD automation right now," Lucas said. She expects that associations will shortly adopt standards and end this problem.

The WD use of purchased off-the-shelf software packages will grow from 42% in 1987 to 52% in 1995, the Anderson study said. And internally designed software use will decline slightly. "Bigger WDs are switching to software packages faster than smaller ones," Lucas said. ■

VEHICLE SALES

1988 VEHICLE SALES SECOND HIGHEST EVER

In 1988, 15,789,000 vehicles were sold in the U.S. making it the second higest sales year ever. It was some 607,000 units ahead of 1987, and it was the fifth year in a row that vehicles sales exceed 14 million units. That's good news for the aftermarket through 1992 as these cars enter their repair years. Here's what type of vehicles were sold in 1988.

Vehicle Type	Units Sold (000)
Domestic Cars	7,526
Import Cars	3,066
Domestic Light Trucks	4,168
Imported Light Trucks	704
Other Vehicles	325
Total Vehicles Sold	**15,789**

Source: Allomatic Industries, Inc., Woodside, NY

have never looked better!

A BRIGHT IDEA FOR ANY VEHICLE℠

UNITY™ auxiliary lights...the *only* lighting line that is design-coordinated to provide the 'matched-set' custom look...for the perfect finishing touch to any personalized vehicle!

Unique new designer-styled 4" x 6" rectangular lights feature rugged ABS housings with *either* heavy-duty chrome or Nite-Black™ finish...front *and* back! Nite-Black™ lights can easily be painted to match the vehicle for the ultimate in custom auxiliary lighting. *Classic* 5" and 6" round lights feature rugged steel or brass housings with heavy-duty chrome finish...front and back.

To find out how to make *your* lighting profits look better, contact: UNITY MFG. COMPANY, 1260 N. Clybourn, Chicago, IL 60610. Telephone 1-312-943-5200.

(Circle 20 on Product Information Card)

UNITY™

25

©1988 UNITY MFG. COMPANY

A Look At Truck DIYers

The light truck market is booming, but who's doing all that buying, anyway? And, what is it they're buying?

by P.R.N. Katcher, Research Editor

Ask just about anybody in the aftermarket and they'll tell you about the boom in light trucks, how the light truck market is *the* big, booming market that will go into the next century.

Jon Pelzer, executive director of *Four Wheeler* magazine, even compares the way today's light trucks affect the aftermarket to the way yesterday's rock and roll affected music. "Rock and roll took the nation by storm in the early 1960s; it was a boom too profound to ever go away," he recently wrote. "Rocking today's automotive industry is the unprecedented boost in light truck and sport utility sales. . . ."

But what do we really know about the light truck, van, or utility vehicle owner who also is a DIYer – a prime customer for light truck aftermarket products? Although much work has been done on studying the demographics of all light truck buyers, the answer, in terms of light truck DIYers, has been "not too much."

That is, until now.

Study Methodology

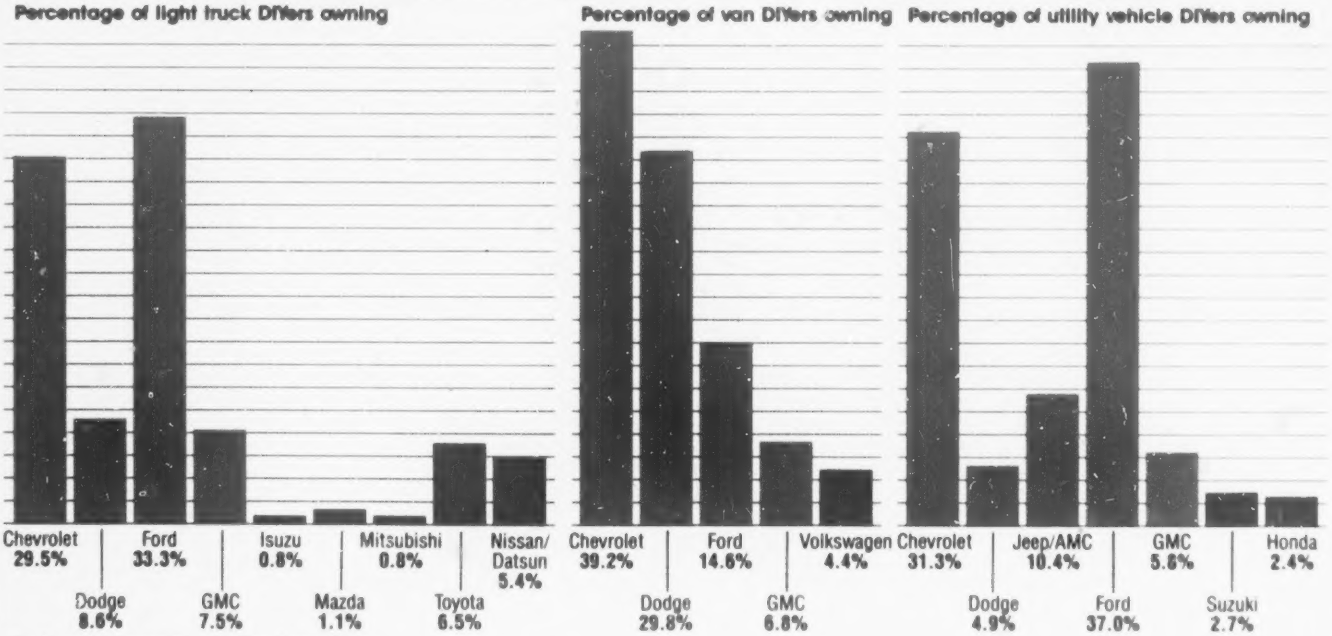
Now, *Automotive Marketing* has commissioned Chilton Research Services to survey light truck, van, or utility vehicle owners. We spoke to owners responsible for maintaining that type of vehicle, and who did some sort of DIY work on it. For the past six years, Chilton Research Services has conducted *Automotive Marketing's* annual *Consumer Automotive Repair Study (CARS)*, which covers all automotive DIYers.

To qualify as a respondent in our truck study, each light truck, van, or utility vehicle maintainer had to have done some vehicle maintenance job himself within a year of the researcher's phone call. This could have been as little as waxing or polishing the vehicle – those waxers and polishers buy lots of automotive products even if they don't change their own engine blocks. Or it could have been as involved as replacing a transmission or changing a CV-joint and front spring.

Of the DIYers with whom we spoke for this study, 78.1% owned a light truck; 23.4% owned a van; and 12.4% owned a utility vehicle. As well, 89.3% owned a car. Due to multiple vehicle ownership, one person could, for example, own a car, a van, and a light truck and would be counted in each group. Hence, the total is considerably more than 100%.

THE LIGHT TRUCKS DIYERS DRIVE

American-made light trucks are the most popular makes among owners who work on trucks. The same goes for vans and utility vehicles.



Percentage of light truck DIYers owning

Percentage of van DIYers owning

Percentage of utility vehicle DIYers owning

■ **American-made** ■ **Foreign-made**

Source: *Automotive Marketing* Light Truck Consumer Aftermarket Buying Study

By the way, 9% of all those with whom we spoke owned only one vehicle. Out of the group as a whole, 7.2% of all those surveyed had a light truck as their only vehicle; 1.5% had a van as their only vehicle; and 0.3% had a utility vehicle as their only vehicle.

What We Found About DIYers

We asked the people who owned and maintained a light truck, van, or utility vehicle about their demographics, and then about their buying and installation habits in terms of light truck products. Looking at the general demographics of light truck, van, or utility vehicle DIYers, we found the following:

- Most of them, 85.9%, are male. The female light truck DIYers with whom we spoke were significantly younger than the males, made considerably less money than the males, and spent much less time on automotive DIY than males.
- They're Baby Boomers. We found that more than half, 52.2%, were between 25- and 44-years-old. Only 11.5% were younger than 25.
- They're relatively well educated. Nearly 48.5% attended college, with almost a quarter being college graduates. Another 39% were high school graduates.
- They're stable in terms of family environments. Some 72.5% were currently married, with another 13.4% never having been married. Only 10.6% were divorced.
- Although light truck owners have traditionally been considered to be blue collar workers, the actual ownership trend has been the same as it has been in terms of national demographics. White collar workers are growing in numbers while numbers of blue collar worker decline. In all, among light truck DIYers, 36.1% were white collar workers; 32.7% were blue collar workers (the rest included housewives, students, armed forces personnel and the like).
- Light truck DIYers can afford all those special products. Almost half of them, 44.8%, have household incomes of more than $30,000 a year. Only 20.4% have household incomes of less than $20,000 a year.
- Almost half, 47.3%, of those who have

A Look At
Wheels

Wheels were the most purchased light truck accessory among the light truck owners we surveyed.

Almost half of the wheel buyers we talked to bought their wheels at tire stores. Automotive parts stores were the second most popular place for wheel purchases.

When asked why they bought wheels where they did, almost half those surveyed cited price as the reason. Product selection was the second most cited reason.

Most wheel buyers bought the products for a light truck. However, a significant handful bought their custom wheels for utility vehicles and vans.

Over half those who bought wheels had them installed by someone else. Most of those wheels were installed by specialty shops. Professional alignment is obviously important for wheel sales.

A large majority of those who did put on their own wheels did so to save money.

Everyone who installed his own wheels said he'd be "very likely" to do that job again.

A Look At
Tool Boxes

Tool boxes finished fourth, just in the middle of our list of light truck accessories purchased during the course of the year before the study was conducted.

A very large number of respondents did not buy their tool boxes at any standard outlet. Instead they bought them at flea markets or at other non-traditional outlets. At the same time, an unusually large number of tool box buyers acquired the product at a hardware store, although there were slightly more buyers who went to auto parts stores.

It's no surprise, therefore, that well over half of all tool box buyers bought where they did because of price. A significant, although smaller, group bought where they did because of product selection.

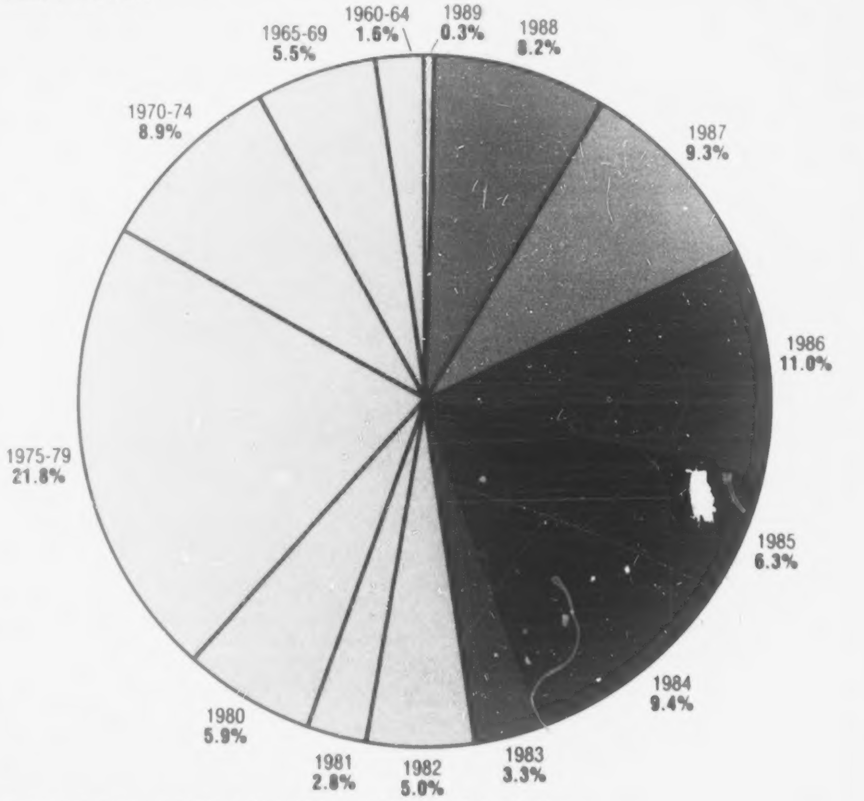
While most tool boxes were purchased for light trucks, some were acquired for vans and utility vehicles. This product is unusual among the other products in that more were bought for utility vehicles than for vans.

Virtually everyone who bought a tool box installed it in the vehicle personally, regardless of gender, age, income, or DIY habits. And, they did it mostly because it was easy, although almost a quarter did it to save money. Only a few less than that did it to be sure it was done right.

Therefore, it's no surprise that most would do it again.

THE AGE OF DIYER'S LIGHT TRUCKS

Over half, 52.8%, of the light trucks that DIYers own and maintain are 1982 models or are models made since then.



Source: *Automotive Marketing* Light Truck Consumer Aftermarket Buying Study

Truck DIYers

A Look At

Truck & Van Bed Liners

Light truck owners purchased enough bed liners to make them the third most purchased specific light truck, van, utility vehicle product we studied.

Younger (less than 44-years-old) bed liner buyers tended to buy the product at the same place they bought their truck. Those who bought their bed liners at auto parts stores were older, making less than $30,000 in household income annually, and spent six or more hours a month on automotive DIY.

Most bought bed liners where they did because they felt the price was right. Brand name or the quality of the product sold in the outlet was rarely mentioned as a reason to buy where they did. Those who did mention those factors tended to be older, and better heeled, than other buyers.

While most buyers bought a bed liner for a light truck, several picked up the products for vans, while several others bought for utility vehicles.

Bed liners, most purchasers agreed, were easy enough to install to do the job themselves. Most of them gave that, in fact, as the reason they installed their own bed liners. And, they said they'd do it again.

Dealers and specialty shops shared honors as where non-DIYers had their bed liners installed. Everyone who had a bed liner professionally installed made at least $30,000 annually in total household income.

light trucks, vans, or utility vehicles maintain two vehicles (the other vehicle is usually a car). Almost a quarter, 23.6%, maintain three vehicles.

Hence, the overall picture of light truck owners is a relatively well educated and well paid group who don't drive light trucks for necessity but for fun. This makes them prime prospects to buy light truck products as part of their lifestyles and hobbies. They aren't buyers of things they must have to maintain their vehicles; they're buyers of things that match their lifestyles – and those are easiest type of buyers to sell expensive products to.

Where They Live

We matched the light truck DIYers we surveyed to the *Automotive Marketing* regional market areas. These are areas we have designated to reflect the realities of regional history, geography, economy, media practices, weather, and religious practices. The results confirm that light trucks are very popular in the warmer and more rural areas (percentages listed with each area are the percentage of total light truck DIYers who live in that area).

- Desert West (the empty area including Montana and Utah) – 6.5%
- Spanish West (Southern California, Arizona, New Mexico) – 15.4%
- Greenbelt West (Pacific Northwest) – 5.4%
- Grainbelt Central (the Midwest states such as Minnesota and Iowa) – 11.6%
- Smokestack Central (Industrialized states including Indiana and Southern Michigan) – 14.5%
- Old South (The former Confederacy) – 29.5%
- Carribean South (Miami area) – 1%
- Smokestack East (Pennsylvania, New York) – 7.5%
- Megapolis North (New York to Washington corridor) – 5.6%
- Greenbelt East (New England) – 2.8%

From this, it's easy to see that if you're retailing in that area that was the old Confederacy of Civil War days, you should be stocking and selling light truck parts.

What They Think About Automotive DIY

Almost half, 46.2%, of those DIYers with light trucks we surveyed told us they could do "some" automotive DIY jobs. Another 31.5% said they could do "most" jobs, while an all-male 13.6% said they could do "any" job.

Light truck DIYers aged between 25 and 34 were the most confident in their DIY skills, while, surprisingly, those over 45 were least confident.

The majority of those light truck owners who are also DIYers enjoy doing the automotive work they do. In all, 68.2% like automotive DIY either "somewhat" (41.7%) or "a lot" (26.5%). Only 13.4% don't enjoy it "at all."

There's a real difference between men and women in terms of automotive DIY enjoyment, too. Of men, 29% enjoy DIY "a lot," while only 11% of women do. On

A Look At

Auxiliary Lighting

The second most commonly purchased light truck accessory items, in the year preceding our study, were auxiliary lights.

By far and away, most purchasers of auxiliary lighting products bought them at auto parts stores. Discount stores were a distant second. Those who did buy the product at discount stores made more than $30,000 in household income annually.

Why did they buy in auto parts stores? Mostly because they liked the price. But, a number mentioned that auto parts stores had a better selection of auxiliary lighting products than elsewhere.

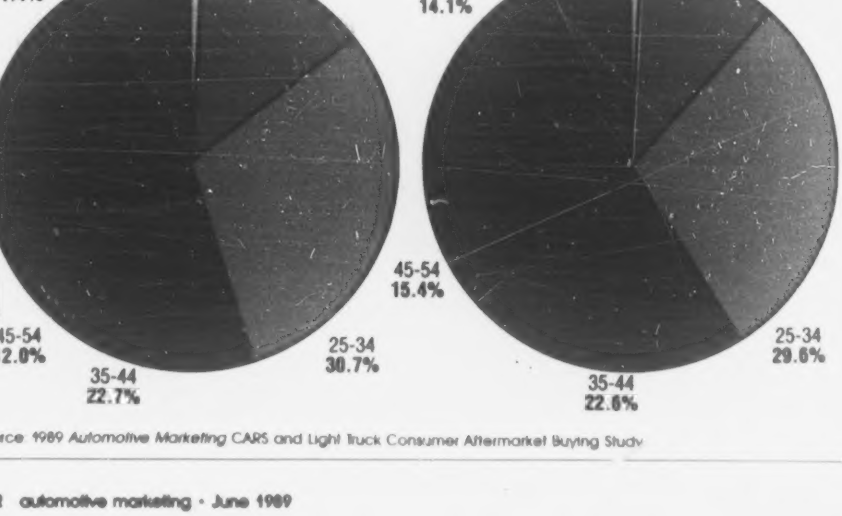
Slightly over half those responding bought auxiliary lighting products for a truck. But significant numbers also bought the products for vans and utility vehicles.

By far, most people who bought auxiliary lighting products installed what they bought themselves, while a handful left the job for a friend or relative.

They did the installation job to save money, most of them said. But, a good number said that the job was so easy that they did it themselves. And, most of them would do it again.

THE AGE OF DIYERS

A larger percentage of light truck DIYers fall into the 45-years-old and older categories than do all vehicle DIYers.



Source: 1989 *Automotive Marketing* CARS and Light Truck Consumer Aftermarket Buying Study

Truck DIYers

A Look At
Pass-through Windows

Pass-through windows were the seventh most purchased-over-the-past year light truck product we studied.

While the product is generally regarded as specifically a light truck item, one person with whom we spoke bought his window for a van.

Most of those who had bought pass-through windows installed them themselves. One product purchaser had it installed at the new car dealer, while another went to the service bay of an auto parts store. Both these men were relatively young (under 44), but they also had relatively higher household incomes (over $40,000 annually) than other pass-through window purchasers.

About half of those who installed pass-through windows themselves did so to save money. However, almost the same number just enjoyed it, saying they found the DIY job "easy to do." Generally, the older, better-off installers did it for the enjoyment of it. Most of them, however, were not what we'd call "serious" DIYers—DIYers who do automotive DIY activity six or more hours a month.

Despite this fact, just about all of those who had installed their own pass-through windows said they'd do the job again if given the need.

Younger pass-through window installers tended to buy the product at discount stores, while older DIYers went to auto parts or truck parts stores. When asked why they bought the product where they did, most said it was because of the price. A significant number, however, went where they did because of product selection.

---

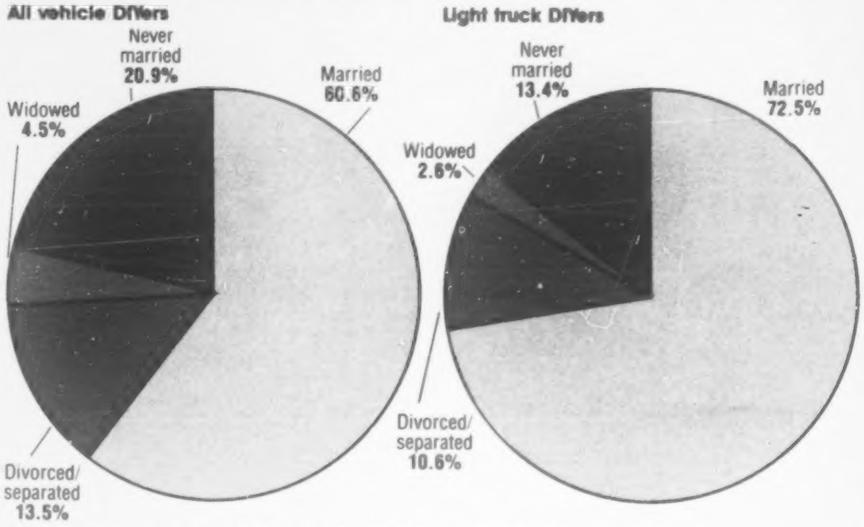
the other hand, 26.4% of women don't enjoy it "at all," while 11.3% of men feel that way.

Almost half, 42.6%, of light truck DIYers report they're doing the same amount of automotive DIY now as they did five years ago. Even more, 56.6%, expect to continue doing the same level of DIY work in the future as they are now. However, a significant 34% say the automotive DIY work they do has increased over that period, while only 23.3% say it's decreased.

Interestingly, these figures are virtually the same as for all vehicle DIYers, according to the 1989 *CARS*. In other words, there's little or no difference between those we spoke with who only maintained light trucks, vans, or utility vehicles, and

THE MARITAL STATUS OF DIYERS

A larger percentage of light truck DIYers fall into the married category than do all vehicle DIYers.



Source 1989 *Automotive Marketing* CARS and Light Truck Consumer Aftermarket Buying Study

those who maintained all types of vehicles, including cars.

The big reason for the decrease, among those who are doing less, is that they have less time now than they did then (so said 37.7%). Another 30.4% said their light trucks have gotten too complicated for them to work on.

It's almost a tie among those who are doing more DIY work now because they have fun doing it, 29.4%, and those who have to do it because they've got less money to spend on professional repairs, 29.3%. Another 24% said they're doing more now because they've got more vehicles to maintain.

What They Buy First

Other studies have shown that light truck owners aren't content with basic models. They buy lots of light truck parts to add on their vehicles.

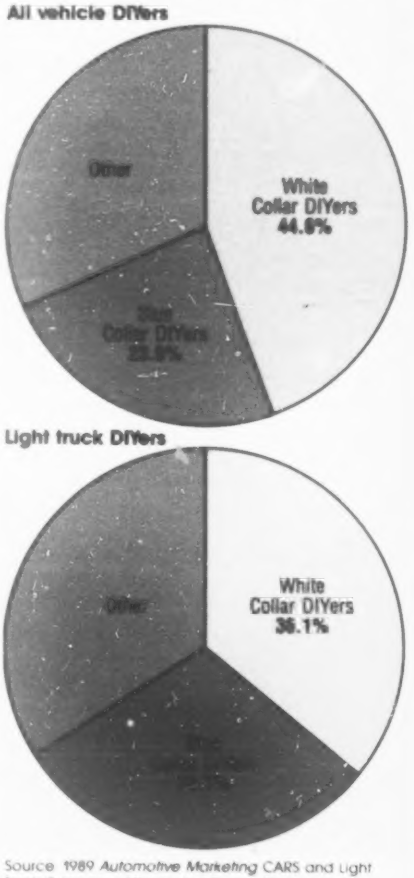
More than half those with whom we spoke purchased at least one light truck product during the course of the year before the study was made. Admittedly, 43% said that they didn't purchase any product specifically designed for light truck use for their vehicle during the past year.

Of those who made no light truck product purchases, 81.3% were male; 29.4% were between 25- and 34-years-old; 29.5% made $20,000 to $30,000 annually; and 63% spent one to five hours on automotive DIY monthly. In other words, they were prime aftermarket retail targets who were *not* buying light truck products even though they owned and maintained light trucks.

Indeed, a significant 23.7% of all those we surveyed said they bought one or two light truck products during the prior

DIYER EMPLOYMENT

There are more blue collar light truck DIYers than blue collar all vehicle DIYers.



Source 1989 *Automotive Marketing* CARS and Light Truck Consumer Aftermarket Buying Study

year. Another 8.6% bought three or four light truck products; 8.4% bought five or six; and 15.2% bought seven or more products during the previous year.

This buying starts right after the truck is acquired, at least in most cases (63.9%

Truck DIYers

of those we surveyed said they bought something immediately after buying a light truck). We asked them what was that first item. The products they mentioned, from most to least purchased, were:

1. Radio/stereo (5.4%)
2. Bed liners (5.3%)
4. Auxiliary lights (3.9%)
5. Camper shells/tops (3.9%)
6. Tool boxes (3.8%)
7. Running boards (3.1%)
8. Wheels (2.4%)
9. Seat covers (2.2%)
10. Floor mats (2.1%)
11. Exterior accessories (1.5%)
12. Pass-through windows (1.0%)
13. Winches (0.3%)

As we guessed from the demographics of light truck DIYers, they can afford more expensive lifestyle items. This indicates our guess is true, since the products they first bought, such as stereos, tended to be expensive items.

What They'll Buy Next

Most of the light truck owners with whom we spoke weren't planning to buy any new light truck products in the near future. However, a significant 37.9% said they had a new purchase in mind for the near future. When we asked what that product was, they said:

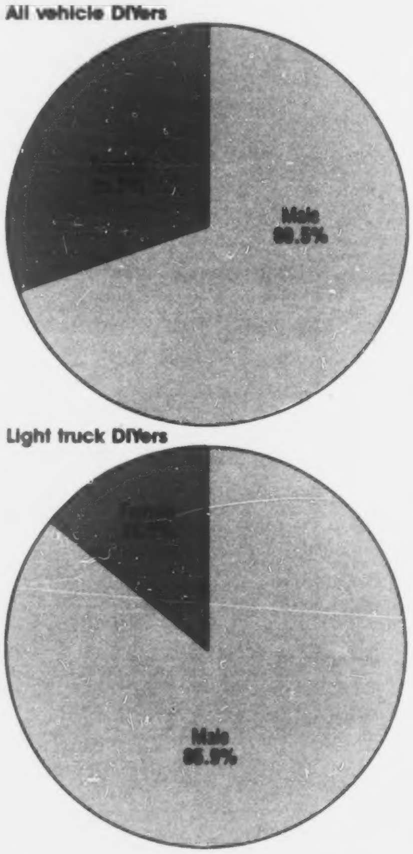
1. Running boards (3.4%)
2. Wheels (2.5%)
3. Auxiliary lights (2.3%)
4. Radio/stereo (2.1%)
5. Bed liners (2.1%)
6. Exterior accessories (1.5%)
7. Tool boxes (1.0%)
8. Winches (1.0%)
9. Floor mats (0.9%)
10. Seat covers (0.7%)
11. Pass-through windows (0.3%)

Obviously, in looking at the above list, money isn't the prime concern when it comes to buying plans. If these owners desire a product, they buy it. Hence, it's easy to sell more expensive products in a light truck market, but it takes real selling skills to get that desire into the customer's head.

On the whole, except in terms of gender, the light truck market is surprisingly diverse. It is, however, *not* the "guaranteed great sales" market some industry observers make it appear to be. A retailer cannot simply stock light truck parts and then retire to start counting the money. Selling into the light truck market requires the same merchandising skills as selling into the DIY market as a whole. Knowing the real customer is the first step in acquiring those merchandising skills. ■

DIYER GENDER

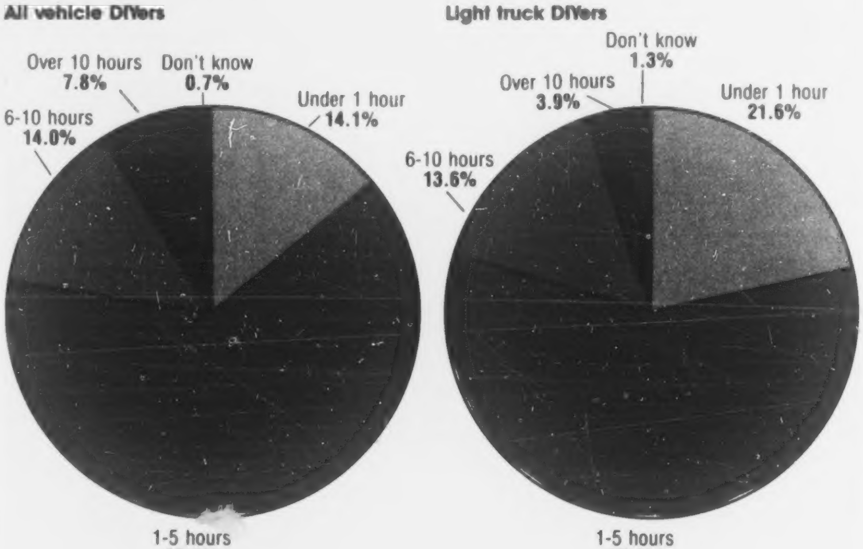
Fewer females own and maintain light trucks.



Source 1989 *Automotive Marketing* CARS and Light Truck Consumer Aftermarket Buying Study

TIME SPENT ON DIY

We asked both all vehicle DIYers and just light truck DIYers how much time they spent during the average month on vehicle DIY work. Light truck DIYers, on average, tend to spend less time on this type of work than did all vehicle DIYers.



Source 1989 *Automotive Marketing* CARS and Light Truck Consumer Aftermarket Buying Study

A Look At Running Boards

Running boards were the item light truck owners mentioned fifth as being specific light truck products that they purchased during the past year.

Nobody we talked to in our research who was under 25-years-old purchased running boards during the previous year.

Older running board purchasers—those more than 35-years-old—bought the product in auto parts stores.

Most of those who bought running boards said they bought where they did because of the offered price.

A significant number of running board purchasers bought the product for a van instead of a light truck.

Just over half of all running board purchasers installed the product themselves. A good number of the purchasers had a friend or relative do the job. Only a handful had the light truck or van dealer or a specialty shop install the running boards.

Only a couple of running board DIYers did the job themselves to save money. Interestingly, those people were in the 45-50 age bracket, had three or more vehicles, and had household incomes of over $40,000 annually.

Most running board installers said they did the job themselves to be sure the job was done right, or because they enjoyed doing it, or because it was a simple task. And, indeed, most of them would do it again. Those who wouldn't, tended to be older (over 45-years-old) DIYers who spent less than five hours monthly on DIY tasks.

C2150-10

$3.50

Chilton's

AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

JULY 1989

PRODUCT CATEGORY REVIEW

A look at some aftermarket retailing mainstays.

Chilton's
AUTOMOTIVE MARKETING
a Chilton publication
July Issue Volume 18, Number 8

EDITORIAL STAFF
FAX (215) 964-4100

Rosemarie Kitchin,
Associate Publisher/Editor-in-Chief
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

P.R.N. Katcher,
Research Editor

John Wirebach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Tracey A. Higgins,
Editorial Intern

Jim Naughton,
Director of Graphics

Janet Lee Taylor,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

CHILTON COMPANY,
ONE OF THE ABC PUBLISHING COMPANIES,
A PART OF CAPITAL CITIES/ABC, INC.
Publishing President, Robert G. Burton
825 Seventh Avenue
New York, NY 10019

Chilton Officers:
Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Publications, Douglas A. Robertson; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P. Kushnerick
Copyright 1989 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subcription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.

PRODUCT CATEGORY REVIEW

FEATURES

Product Category Reviews 21
A look at some of the parts, accessories, and chemicals that are the mainstays of aftermarket retailing today.
- **Tire Inflators** 21
- **Paint** 27
- **Floor Mats** 33
- **Car Washing Equipment** 39
- **Suspension Parts** 45
- **Appearance Chemicals** 51
- **Cooling System Parts** 57
- **Security Products** 63

The Buyers' Guide 69
An exclusive guide to who makes what in aftermarket parts, chemicals, and accessories.
The Buyers' Guide: Retail Products 69
The Buyers' Guide: Service Equipment & Tools 102
The Buyers' Guide: Directory Of Manufacturres 112

DEPARTMENTS

Detailing The Market 5
Editorial 14
Products 124
Rep Guide 123
Ad Index 127
Reader Service Card 129

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢).

PUBLISHER'S NOTES

PRODUCT TO SELL

It's all about selling products! Not only this edition of *AM*, but our entire work effort!

Whether we're calculating the return on investment for a change in our store offerings, orthe deliveries and returns to our distribution centers, or our operation's return to our corporate bottom lines, we begin with products, and their sales.

This Buyers' Guide Issue is entirely devoted to the products in our marketplace. Up front, on the rough paper flap, we start with our product focus, *AM's* mini-feature on "unsung hero" products which represent potential to our marketplace. This month: replacement bucket seats. Should you be selling these?

In our newsy Detailing The Market section, we preview some early APAA Show product news, and take a look at some product promotions, along with the latest industry happenings.

Then, our Product Category Reviews, a look at some product categories which are, or can be, mainstays in the retailing of parts, accessories, and chemicals.

Finally, our comprehensive listing of products and their suppliers in our Buyers' Guide section. It lists everything you ever wanted to stock in your stores—and some things you may not have thought of.

Send us your reactions to our issue, and your news, too. ■

Sarah J. Frankson
Group Publisher

DETAILING THE MARKET

IN-STORE FOCUS

[illegible]
[illegible]
Total Corp. Sales:
[illegible]

Car Care Seminar
SALE!
CENTER

Dene E. Billbe

Back in the mid-1950s, Robert "Bud" Rose was an automotive products buyer for a major hardware wholesaler headquartered in Minneapolis. Rose, thinking ahead of his time, wanted to expand its inventory to embrace the growing auto aftermarket. When the company refused, he struck out on his own, and on February 1, 1956, Champion Auto Stores Inc. was born.

At that time, according to executive vice president Dene Billbe, "There were very few outlets where the average auto enthusiast could buy parts and auto care items at a reasonable price."

Giving that enthusiast an opportunity to buy reasonably-priced goods was the idea behind Champion then, and it still is today. But the other premise behind this operation was that "an individual has a greater desire to succeed as an entrepreneur, and should be allowed to do so," Billbe said.

That's why Rose decided to franchise his business.

Champion did not become a turnkey operation overnight. Rose, who now serves as CEO of the 135-store chain, owned three Champion stores when, in 1961, he decided to "put feelers out" to see who might want to buy a franchise. He started advertising at the Champion booth in a small auto show – and got his first "feeler" immediately. The first franchise opened the same year in Osseo, MN. Today, there are 119 franchise stores, with more on the way. They serve a market area that covers Colorado, Iowa, Montana, Minnesota, Nebraska, North and South Dakota, Wisconsin, and Wyoming. Plans for penetration into a tenth state are "in the works," according to Billbe.

Although each store owner has a generous amount of autonomy, there is strong guidance from the corporate headquarters. Stores average about 3,500 sq. ft. Some 8,500 SKUs are packed into the average store, and in addition, 35 stores have service bays. One store has 11 bays, most have about three. According to Billbe, the service bays were the decision of the individual owners. "We've never emphasized our service in our advertising, because not all of our stores have it," he said.

Corporate "management tools" available to franchisees include a full accounting service, that will do tax returns and financial profiles, among other things; a pre-pricing program; management consulting; training for store owners, managers, and sales personnel through a training services division; planograms (the basic plan features 4-ft. gondolas or 4-ft. wall sections, "pasted together logically," according to Billbe); and an inventory control program; both manual *and* computerized, depending on the needs of the individual franchisees.

Franchise owners order their products from a 110,000 sq. ft. warehouse that contains 20,000 items. Most stores utilize the chain's computerized POS system; there is also a WATTS line to the customer service department for special orders. (The chain provides overnight delivery on those orders.)

The product mix is heavy on hard parts and accessories; somewhat lighter on chemicals. Billbe describes Champion's mix as a "very wide" variety. "We wanted to try to make sure we hade a wide selection to advertise," he explained. And it's in advertising and promotion, both in-store and out-of-store, where Champion truly shines.

A circular program is available to all franchisees – fairly standard equipment for a large chain, even though Billbe calls it the backbone of the advertising program.

Champion also has a subsidiary, called Casaa, a full-service advertising agency. Through Casaa, the chain has been able to use state-of-the-art videos to enhance its image.

Casaa runs a full-size production studio, where a trained certified mechanic acts as technical communications director. The result: "Car Care Seminar," a 30-minute television show, complete with commercials for Champion and its advertisers, that runs in six states on 14 different stations. Champion is not touted in the program itself, which is strictly how-to advice for DIYers. But all the advertising breaks are for Champion and the products it carries, an obvious plus for the chain.

Champion also utilizes videos for in-store employee training, including a full certification training program available for anyone who wants it. Each store also has a "video tech center" for customers, providing 150 different DIY segments to help consumers learn how to do a project – and to encourage sales in the stores as well.

DETAIL

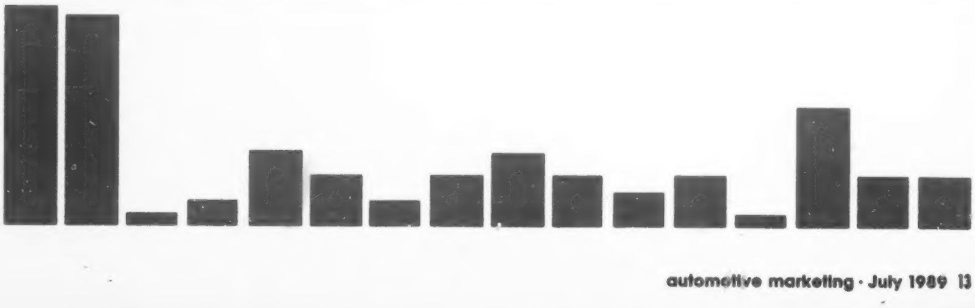
54%

of buyers of performance, appearance, or handling products believe that "made in the U.S.A." is a very important factor in selecting what they buy, according to the 1989 Specialty Equipment Market Association (SEMA) Market Study.

PROFILE: SHOCK ABSORBERS/STRUTS DIYers

Drawing from the 1989 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed shock absorbers/struts during the year prior to the study.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+ 40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	96.2%	3.8%	12.2%	34.5%	19.9%	9.2%	24.2%	34.3%	22.6%	13.9%	20.3%	3.6%	54.6%	21.5%	20.4%



TIRE INFLATORS

Look for better-than-average sales among these easy-to-use products.

Maintenance chemicals. . .will experience above-average growth based on a large and aging vehicle stock, more convenient-to-use products and high new car prices (maintaining a good resale market)," says a recent automotive chemicals report issued by The Freedonia Group, Cleveland Heights, OH. In all, the report projects a growth of some 6.4% annually between now and 1991, with the market then being worth $2,455,000 annually in manufacturers' dollars.

SNAP
super fix a flat
SNAP
fix a flat

38.3%

of DIYers who purchased & installed maintenance chemicals are heavy DIYers who work 11 or more hours a month on automotive DIY

Who's Buying

The best news for aftermarket retailers is that this market is almost completely a DIYer market. So, the retailer has to know who the average maintenance chemical DIYer is. According to the 1989 *Automotive Marketing Consumer Automotive Repairs Study (CARS)* (March 1989), the typical DIYer who purchased and installed maintenance chemicals was male, 25- to 34-years-old, made less than $20,000 in household income annually, and maintained two vehicles.

Most maintenance chemical purchasers and installers work one to five hours a month on automotive DIY. Almost three quarters of all of these DIYers bought appearance chemicals for a car, rather than a light truck, van, or utility vehicle.

Men most frequently buy maintenance chemicals in automotive parts stores, while women tend to split their purchases of these products between auto parts stores and discount stores.

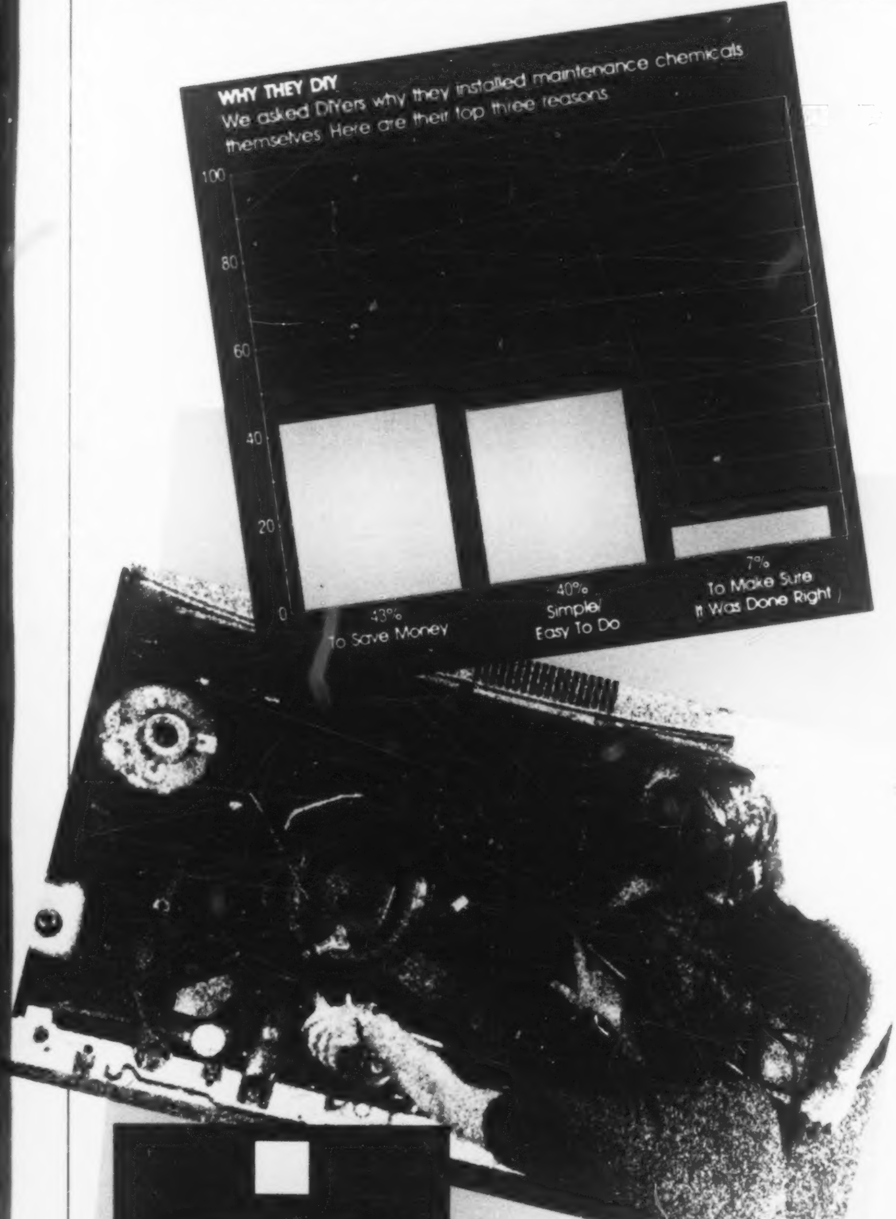
"Price" is the reason most maintenance chemical purchasers and installers bought the product where they did. Many purchasers, however, simply went to a place that was convenient.

What They Buy

There are several different types of maintenance chemicals. The one thing they all have in common is that they are among the easiest-to-use automotive DIYer products available. They include:

- Tire Inflators. These come in aerosol cans that can be attached to a flat tire to pump it up. A can stored in a DIYer's car trunk can prevent a trip from being spoiled by a flat tire.
- Carburetor Cleaners. These are used to clean carburetors, choke valve shafts, and manifolds. Regular use by automotive maintainers will make engines run smoother and more efficiently. They come in both liquid and aerosol forms;

TIRE INFLATORS



90.3%

of maintenance chemical DIYers said they were very likely to do the job again

liquid cleaners are poured directly into the gas tank, while spray cleaners are sprayed on carburetor exteriors to remove gum and sludge.

- Engine Degreasers. These remove dirt, grease, and oil from engine exteriors. They are growing in popularity because a clean engine is easier to work on than a dirty one. Engine degreasers come in both liquid and spray forms and in different strengths. DIYers who simply want to maintain a clean engine will want a moderately priced degreaser, while those who get their engine especially dirty because of recreational use or work will want a more expensive, harder-working degreaser.
- Penetrating Lubricants. These come in aerosol cans and are useful for a variety of functions, from lubricating moving parts to loosening bolts. Of all penetrating lubricants, the silicone spray has some of the best sales potential because of its many possible uses.
- Paint Removers. These are used to remove enamels, lacquers, urethanes, clear coat/base coat systems, varnish, and shellac from metal or other services. They come in a variety of types, including both liquids and aerosols. The aerosol cans are for the simpler DIY tasks, while industrial strengths are recommended for tougher jobs.
- Brake Cleaners. These are designed to dissolve and disperse brake fluid, grease, oil, and other deposits on the brake assembly. Most of them come as aerosols that are sprayed directly on the brake assembly.
- Glass Cleaners. These are used on glass and mirror surfaces and generally come in aerosol containers.
- Power Steering Sealers. Usually found in liquid form, these are added to power steering liquid both to seal leaks and to condition seals.
- Belt Dressings. Generally sold as aerosols, these are sprayed directly on the car's various belts to keep them flexible and from squealing and squeaking.

The maintenance chemicals section of your store contains some of your best-selling products. Get to know what they are, and you'll get your share of this growing market. ■

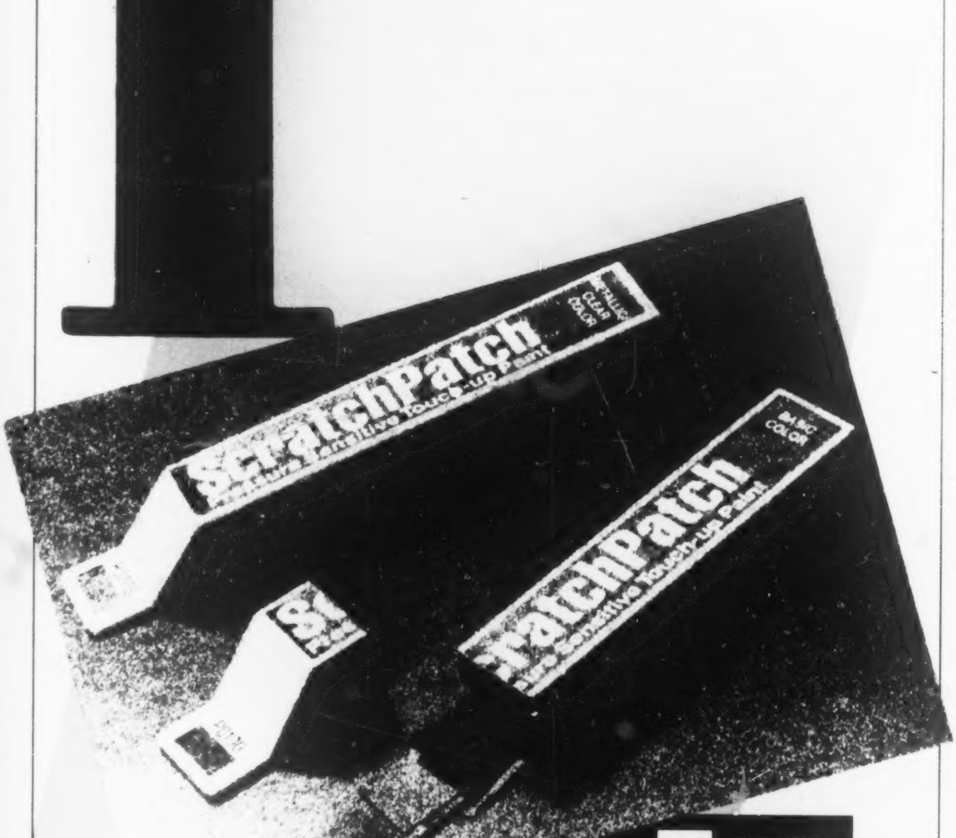
PAINT

New technology at both OE and aftermarket levels may help paint sales.

We've come a long way from the days when Henry Ford told Model T buyers they could have a Ford in any color they wanted, as long as it was black. Today Ford and the other OE manufacturers use as many as 50 different colors in any given year, although white almost always tops the color popularity list.

Along with more colors, putting the color on cars has also improved at the OE level. Manufacturers now use computer-controlled robots to paint their cars. Also, they've added a protective "clear coat" over the car's "color coat." Clear-coating uses ultra-violet screeners to protect the pigment and make the color more durable. Without clear-coating, such bright colors as red and yellow, which are sensitive to the sun, are quick to fade.

One result of clear-coating has been a change in wax and polish formulas. The abrasives used in older appearance chemicals scratch clear-coat paints and so suppliers now provide non-abrasive waxes and polishes for use on newer cars. The effects of clear coating on the paint aftermarket are still too new to measure since the great majority of aftermarket paints are sold for use on older cars. However, clear-coating may make it easier for the DIYer to match paints since clear-coated paints will fade less over the years.



14.7%

of DIYers who purchased & applied paint are heavy DIYers who work 11 or more hours a month on automotive DIY

Aftermarket Technology

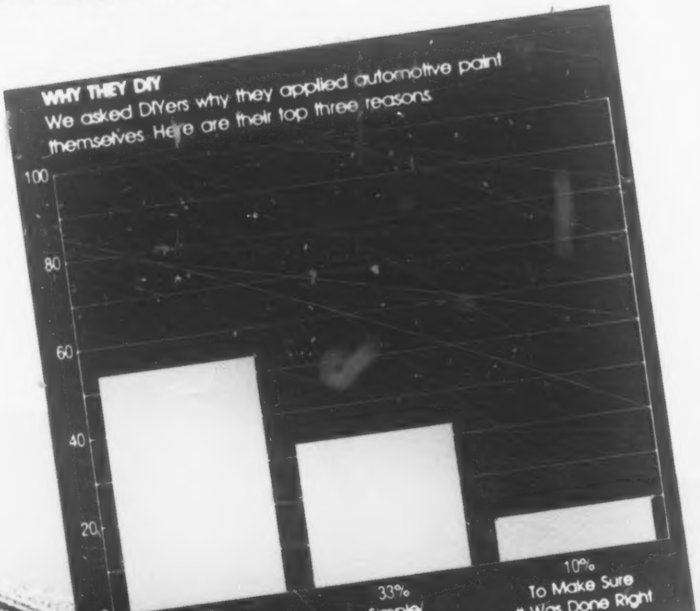
Along with OE advances in putting on the paint, aftermarket suppliers have have made enormous technological advances in repairing damage to a vehicle's paint. While no one has been able to make a major paint repair job easier, the aftermarket has taken great strides in simplifying small repairs.

Instead of spray paints, which require sanding, prepping, and priming, several suppliers now offer a dry paint film designed to fix small nicks and scrapes.

Developed, and first sold, in Germany by Vogelsong Holdings, the paint films are applied like a peel-off sticker and require no primer and no preparation. The patches come in about 120 colors that cover most domestic and major import colors, both metallic and basic shades.

The new paint films are sold in sheets with various sized and shaped patches to cover virtually any damaged area. The cost to the consumer is about the same as a spray can of paint.

PAINT



WHY THEY DIY

We asked DIYers why they applied automotive paint themselves. Here are their top three reasons.

68.5%

of paint DIYers
said they were very likely
to do the job again

The Paint DIYer

Although the new paint films should have a favorable impact on sales for smaller paint repairs, the old standby spray cans of paint will remain for larger area touch-ups and major repainting jobs. With the growing number of older cars on the road requiring repairs to the finish, paint sales should grow.

Spray cans of paint have always done well in automotive stores that make an effort to display and merchandise paint and body repair products. Along with paint, there are add-on sales from primers, rubbing compounds, color restorers, and paint strippers.

On our March 1989 *Consumer Automotive Repair Study (CARS)*, 17.8% of DIYers had purchased paint and 14.4% had applied the paint themselves in the past 12 months, a percentage that has remained reasonably constant on all our *CARS* studies.

The key to paint sales for the retailer is having the right color for the DIYer. Almost half (46.9%) of CARS DIYers said "prod[illegible] selection" (having the right color) was the reason they bought paint where they did. The second and third choices – location (18.3%) and price (15.6%) – were far less important to most DIYers. So a wide selection of colors can only help sales.

To show how important matching the color of a car is to paint sales, paint was one category where new car dealers had a good share of the DIY market. Some 18.2% of DIYers on our CARS study went back to the dealer, probably because they felt the dealer was more likely to have the exact hue for their car.

In fact, car dealers were the first choice of place to purchase for female paint DIYers. Males, on the other hand, favored automotive stores by a wide margin with 47.4% going to an auto store.

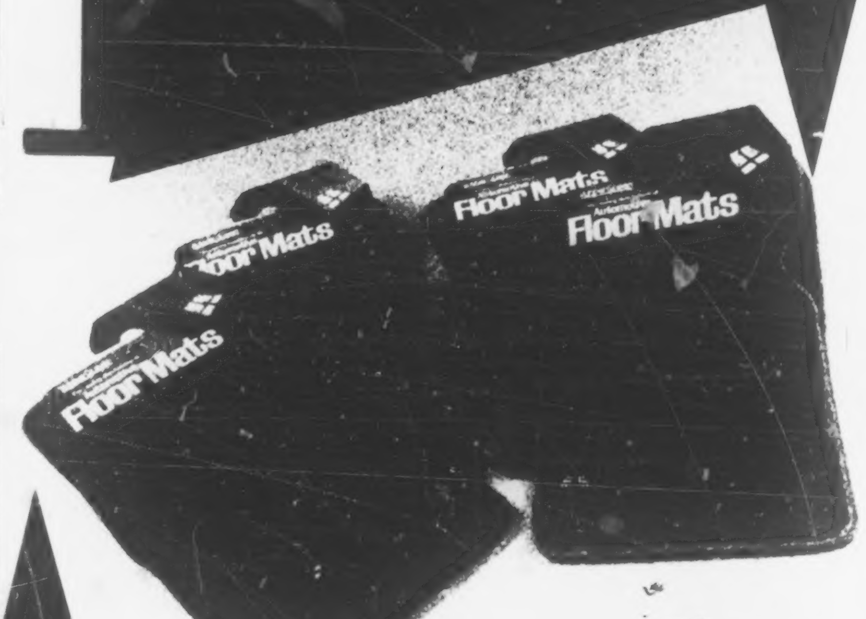
The great majority of paint DIYers, 54%, did the job themselves to save money. Anyone who's priced the repair of a nick or scratch at a professional shop can attest to that. DIYers also feel the job is easy to do and 33.3% gave that as a second reason for doing it themselves. More than two-thirds, 68.5%, of paint DIYers said they were very likely to do the job again, if necessary. ■

PRODUCT CATEGORY REVIEW

FLOOR MATS

Selling floor mats means selling more than basic floor coverings.

One item that seldom receives the attention it deserves – though it's a steady seller – is the floor mat, whether it's the ultra plush carpeted version or just the basic floor protector.



Retailers have three potential buyers for new floor mats. First, there's the new car buyer. For some strange reason, some OE manufacturers never made floor mats a part of the new car purchase. As a result, floor mats are often the first aftermarket purchase new car buyers make.

Best of all, few new car buyers (8%) buy them from new car dealers, according to the 1987 *Automotive Marketing Consumer Automotive Repair Study (CARS)*. However, this percentage may increase with the move by some OE manufacturers to open accessory shops in their new car showrooms.

Replacement Sales

The second buyer for floor mats is a replacement buyer. Even the quality floor mats manufactured today do not last forever. And, generally, the second owner of a car will buy a new set when he buys a used car. In addition, a new set of floor mats is one way to dress up a vehicle when it's about to be sold.

The third kind of buyer is the step-up purchaser, and is probably the most important kind of buyer today. Floor mats are not just a utility item any more. People used to buy mats only to protect the carpeted floor. But today, people are buying them for style and appearance. That means retailers get business from just about anyone wanting to improve the appearance of his or her vehicle, new or old.

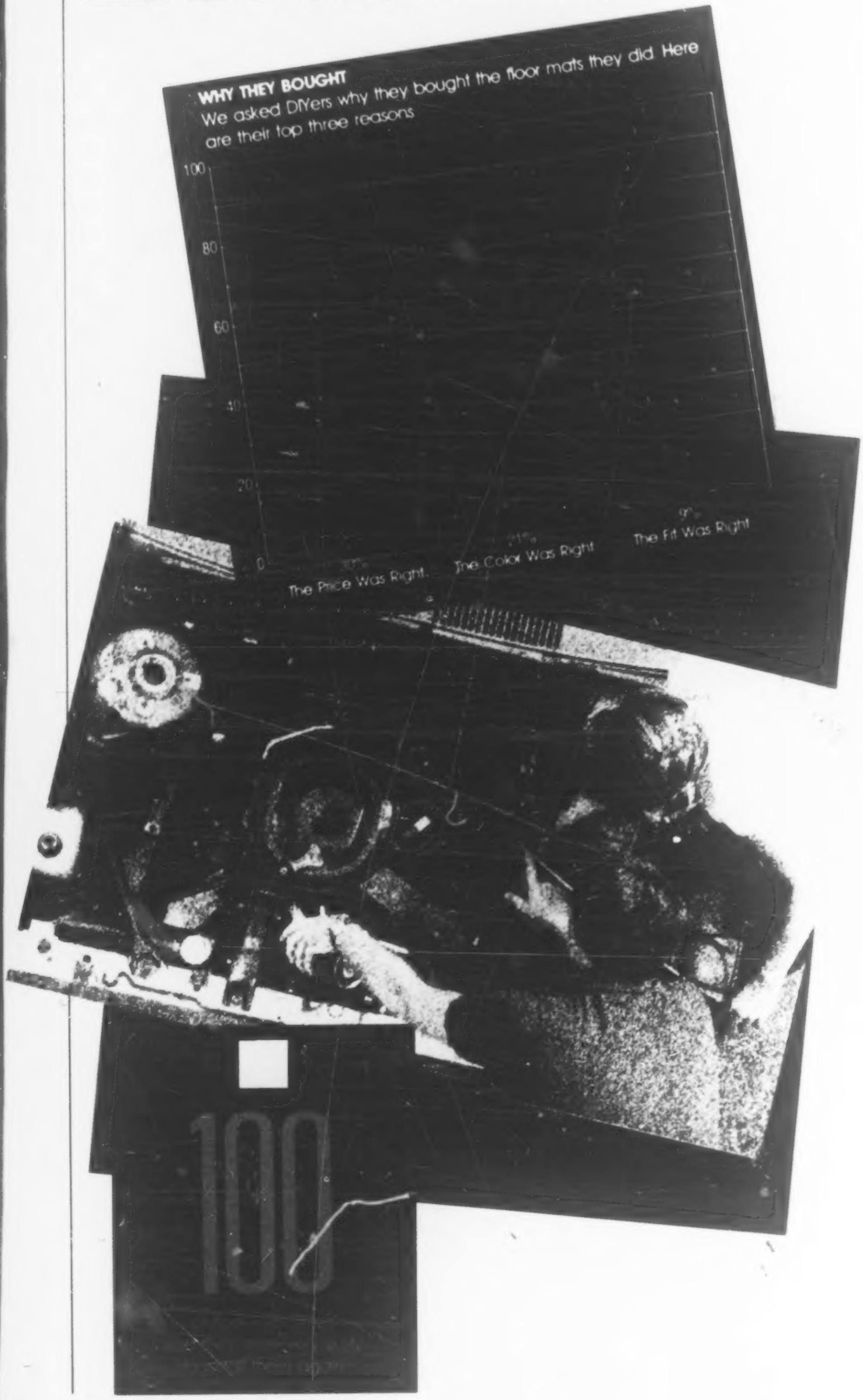
Floor mats come in what we might call good, better, and best configurations. At the good level are basic vinyl and rubber floor protectors that save the carpeting from the pounding and scuffing of shoes and boots. Such mats are usually sold in universal fit applications for front and rear. These are sold mainly to owners of older cars and people who use a light truck for work or heavy off-road duty.

Beyond The Basics

A step up from basic rubber mats are special all-weather varieties that are gaining popularity in colder climes and among truck owners for off-roading. These mats come with extra rubber and a very deep base that allows water or snow to drain down and collect in grooves so that pants

PRODUCT CATEGORY REVIEW

FLOOR MATS



WHY THEY BOUGHT

We asked DIYers why they bought the floor mats they did. Here are their top three reasons

and shoes do not sit in water.

Although the basic vinyl and rubber mats will always sell, and all-weather mats play a key role in Winter sales, today's car owners are moving away from the plain rubber types. OE carpets are more deep and plush, and as are the mats offered by car dealers. As a result, consumers are seeking carpeted varieties of floor mats that are thick pieces of carpet, in rich, bold colors, backed with durable, non-skid materials.

So at the better level there are carpets and plush carpets that are soft on the feet for folks with cars that seldom are mistreated. In addition, many of these mats are sold to fit car models exactly.

The Top Of The Line

At the best level are plush carpeted mats personalized with designs, car logos, and in some cases personalized names or logos. Buyers of top of the line floor mats seek fashion rather than utility, although good floor mats provide both.

The top of the line can mean really high profits. At this level, virtually any kind of material and any kind of style is available somewhere. And we mean anything: one California mail order firm offers mink floor mats in any color of mink. The mink mats can be cut to fit the car. For two front mats, the price is $4,000; if you want rear mats, the price is $7,000.

While most retailers can safely ignore mink floor mats, failing to provide for all three kinds of buyers in the floor mat category could be a big mistake. A good-sized display and wide selection of SKUs are the key to floor mat sales.

Displays Are The Key

Although price is still the leading reason for buying floor mats, according to our *CARS* study, displays also play a key role in buying decisions.

Being able to see that it was the right color for their car was the major reason 21.4% DIYers bought the floor mats they did. Another 6.4% simply liked the way the mats looked, and 8.9% saw a set that was the proper size.

Today's floor mats deserve to be displayed. If they are not organized and displayed well, it could mean a potential loss of some healthy profits. ■

CAR WASHING EQUIPMENT

PRODUCT CATEGORY REVIEW

The way cars are washed has changed. But the idea is still the same—to get the car clean.

There used to be only two ways to get a car clean. One was to run the car through a local car wash. The other way was to do-it-yourself at home, usually in the driveway on the weekend.

In the early 1980s, Americans spent millions at neighborhood car washes. But things have changed, and today the retail market for DIYer applied-car washes, waxes, and polishes is about $180 million.

TURBO-WASH
SOFT SUDS
HI-FI SUDS
WAXER

Why The Change?

New car finishes have led many people to abandon professional, mechanized car washes. The stiff abrasive brushes used by assembly line car washes can scratch, mar, and otherwise damage these new finishes. Some car owners' manuals even warn against such car washes.

Some car washes have switched from stiff brushes to strips of cloth or other brushless methods. But some people believe these methods do little more than rinse off surface dirt.

Now, according to a national survey by the International Carwash Association, more than 45% of car owners prefer to wash their cars the old-fashioned way—by hand—themselves. Those polled said they do so because car washes are too expensive, do a poor job, or damage the finish on some cars.

But even in the driveway, technology has caught up with need.

New Car Washing Equipment

Today's DIY car washer has a full range of professional quality car washing equipment to choose from as well as specially formulated soaps to do the job with.

Power car washers that attach to the home garden hose are among the most popular of today's home car care products. These washers, when used with their specially formulated soaps, automatically mix the proper cleaning chemical with clean water. The DIYer simply sprays the mix onto his car. The same attachment is also used to rinse the car and to apply specially formulated waxes.

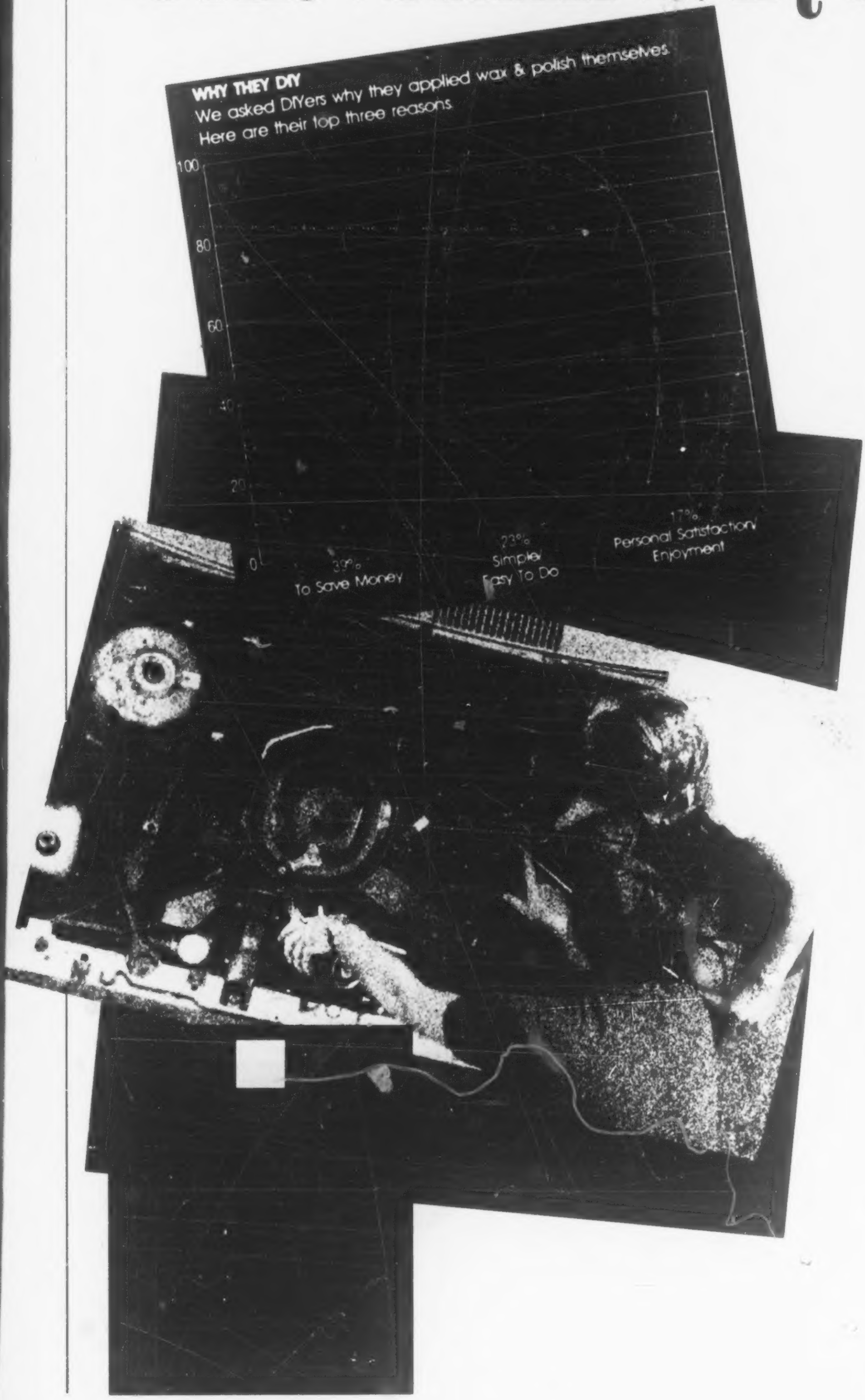
Who Buys?

While we have no "hard numbers" on DIY car washers, we can develop a profile by looking at DIYers who purchase and apply wax and polish. It is safe to assume that these DIYers washed their car before applying wax or polish.

Our 1989 *Consumer Automotive Repair Study (CARS)* reported that 73.1%

PRODUCT CATEGORY REVIEW

CAR WASHING EQUIPMENT



WHY THEY DIY

We asked DIYers why they applied wax & polish themselves. Here are their top three reasons.

of wax and polish DIYers are male and 26.9% are female. Some 30.9% are between 25- to 34-years-old while 25.9% are 35- to 44-years-old. They are a well-heeled group with 29.9% having annual incomes of $40,000 or more. Most, 80.7%, spend between one to ten hours a month on DIY activities.

When it comes to buying wax and polish, 36.6% buy it at an automotive store, 46.9% buy it at department/discount store. Some 45.5% said they bought the product where they did because of price.

Why Wash A Car?

A car is a big investment for most people and keeping it clean eliminates a variety of exterior problems. For instance:

- Surface oxidation or weathering is a chemical breakdown of the paint film caused by exposure to the elements. Washing helps control this problem.
- Crazing is a network of small scratches that can penetrate the entire depth of the color coat. Wax and polish stick in these cracks and cause streaks. Use of a rubbing compound before washing can restore these areas.
- Discoloration is caused by chemical reactions between the paint and contaminants in the air. On metallic colors, the condition may be caused by acid rain. On solid colors, specific pigments may be affected by contaminants. Frequent washing helps minimize this damage.
- Water spots, small rings or dots that appear where water has evaporated, are common to all finishes. A chemical reaction between sunlight and paint may make the spots appear to be etched in the paint. Light spotting can usually be rubbed out and corrected with polish.
- Etching is a severe form of spotting and occurs when the entire paint surface within a water spot is eaten away. It is caused by bird droppings, insect residues, and road tar. The best protection is washing and waxing.

Considering all the benefits DIYers can gain by washing their vehicles, and all the problems they can prevent by doing so, it just makes sense to merchandise this powerful product category to the maximum. ■

PRODUCT CATEGORY REVIEW

SUSPENSION PARTS

The move to front wheel drive has changed front end parts sale patterns.

A couple of decades ago only a few upmarket cars had front end drive. Today, front end drive is the suspension of choice for most car drivers, who point to better traction in snow and ice as one of itsbenefits. Car makers like the way front end drive cars can be made smaller, more fuel efficient.

All of this, however, has changed the way DIYers buy and install their own front end parts. *Changed* is the key word, since the adaption of front end drive hasn't ended sales to DIYers, but has changed what they do. It's still a big market, and getting bigger. Today, *AM* estimates the market for front end parts at about $1.4 billion annually.

The smart retailer, who wants to get his share of this gigantic market, has to know both who's buying front end parts, and what he's buying.

Gabriel
GAS RYDER
PREMIUM GAS STRUT
GAS RYDER II
SHOCK ABSORBER

Who's Buying

The first part, who's buying, can be determined by recent studies. According to the 1988 *Automotive Marketing Consumer Automotive Repairs Study (CARS)* (March, 1988), the typical DIYer who purchased and installed one front-end product, the CV-joint, was male, 25- to 34-years-old, making less than $30,000 in household income annually, and responsible for maintaining two or more vehicles. Most appearance chemical purchasers and installers work one to five hours a month on automotive DIY.

The vast majority of DIYers most frequently buy CV-joints in automotive parts stores, although a few return to their car dealers to make the purchase. "Force of habit" is the reason most CV-joint purchasers and installers bought the product where they did. A significantly large number, however, simply went to a place that they thought was the only place to get the type of CV-joint they needed.

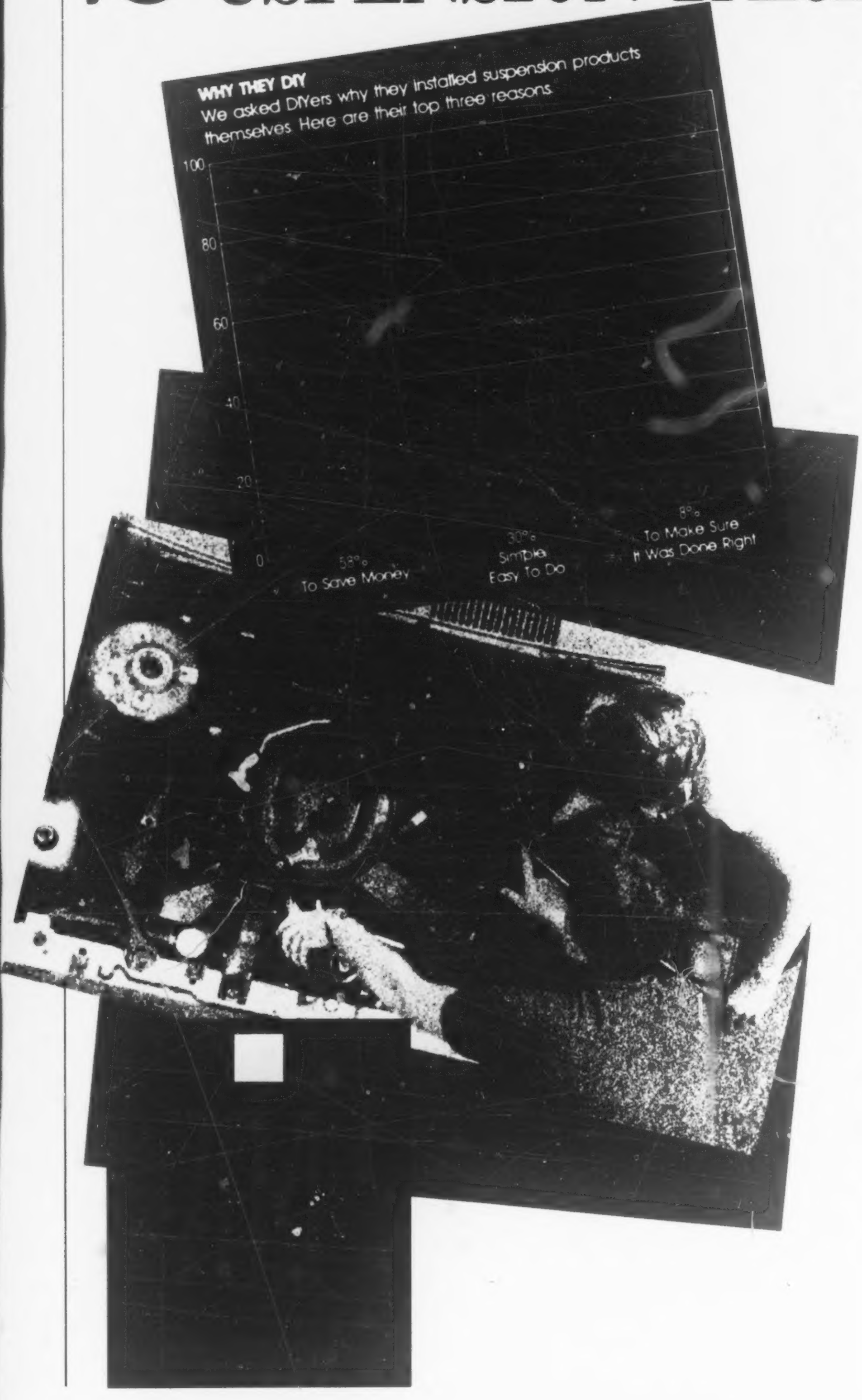
What They're Buying

There are a number of different front end products to stock and sell. Among them are:

- Springs. Springs are usually replaced when broken. However, DIYers should check them by measuring the vehicle's chassis height and comparing the result to the OE height specifications. If too low, the springs should be replaced – as pairs. As well, DIYers are often interested in improving their car's handling and ride by using springs of a better quality

PRODUCT CATEGORY REVIEW

SUSPENSION PARTS



WHY THEY DIY

We asked DIYers why they installed suspension products themselves. Here are their top three reasons.

than the OE springs.

- CV-Joints. Most DIYers already know their front wheel drive cars use CV-joints, which have replaced the universal joints used on rear wheel drive. What some of them don't know is that the CV-joint boot has to be checked to see that it isn't cracked or broken. Replacing such a boot is a much cheaper — and easier — job than replacing the entire joint. Inspection involves checking the boots to see if they are cracked or leaking fluid in any way.
- Bushings. Control arm bushings are the inner pivot points for the control arms. DIYers should check rubber bushings visually for signs of movement, cracking, off center condition, or distortion. Metal bushings should be checked for seal condition, noise that indicates internal friction, and looseness. Strut rod bushings are mounted between the strut rod and frame and should be checked visually. Sway bar bushings anchor the bar to the vehicle frame and the control arms on either side. These, too, require visual checking.
- Steering Linkage. The DIYer should check pivot points for looseness which can cause tire tread to wear too quickly.
- Idler Arms. Idler arms should be checked by rocking them up and down, in the center link, as vigorously as possible. If they rock too easily, they should be replaced.
- Pitman Arms. Pitman arms are checked both in the same way as idler arms and by rotating the steering column that shows any movement between the stud and housing bowl.
- Steering Dampers. Steering dampers, which are actually horizontal shock absorbers, should be checked visually for good mounting point condition and leakage, as well as potential dents in the cylinders.
- Tie Rod Ends. The DIYer should rock the tie rod vigorously to see if it's too loose and should be replaced.

There's no doubt that these front end parts are the stuff of serious DIY work. But, replacing them can be rewarding for the serious DIYer and profitable for the retailer. So, there's every reason to educate your customers into doing their own front end repair and replacement work. ■

APPEARANCE

PRODUCT CATEGORY REVIEW

CHEMICALS

For fast sales growth, look to appearance chemicals.

Appearance chemicals will remain the fastest growing industry segment (among all automotive chemical products)," according to a recent report on the automotive chemical market released by The Freedonia Group, Cleveland, OH, "spurred by slower motor vehicle turnover and more convenient-to-use products with superior performance characteristics."

Indeed, the appearance chemicals market, even after excluding waxes and polishes, is growing at a significantly faster rate than the rest of the aftermarket. According to Freedonia, the vinyl protectant market will grow some 8% between now and 1991, while sales of other appearance chemicals (excluding wax and polish products) will grow almost as much as 7.6%.

When this is combined with the Freedonia Group's observation, in the same report, that the "greatest opportunities for automotive chemicals are anticipated in the do-it-yourself market," you have a solid rationale for putting together a major appearance chemical merchandising program.

Tal-Strip
UNDERCOATING
REMOVER

Who's Buying

Such a program has to be focused on the appearance chemical/protectant DIYer. According to the 1989 *Automotive Marketing Consumer Automotive Repairs Study (CARS)* (March 1989), the typical DIYer who purchased and installed appearance chemicals/protectants was male, 25- to 34-years-old, made more than $40,000 in household income annually, and maintained two vehicles.

Most appearance chemical purchasers and installers work one to five hours a month on automotive DIY. Almost three quarters of all of these DIYers bought appearance chemicals for a car, rather than a light truck, van, or utility vehicle.

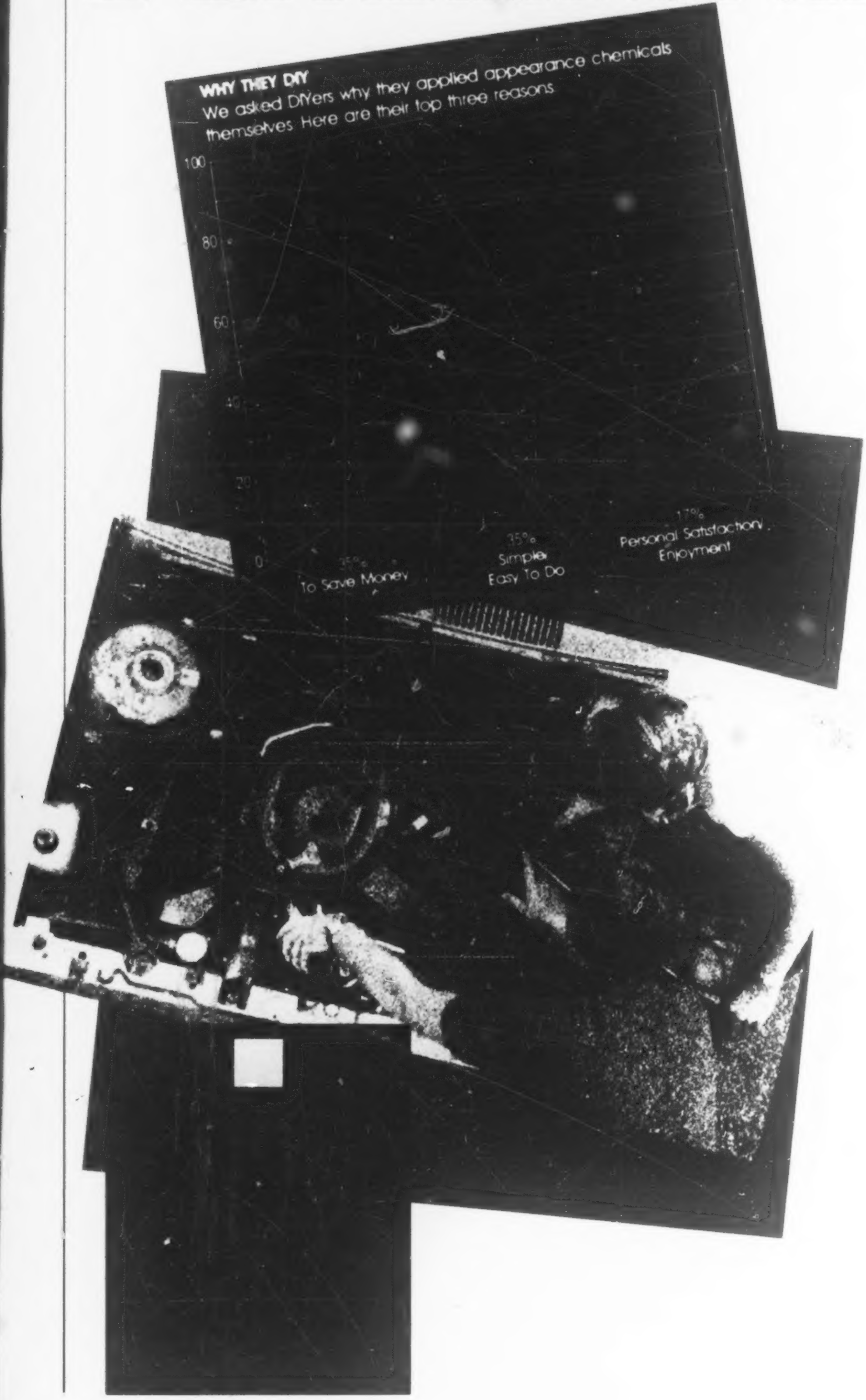
Men most frequently buy appearance chemicals/protectants in automotive parts stores, while women tend to split their purchases between auto parts stores and discount stores. "Price" is the reason most appearance chemical/protectant purchasers and installers bought the product where they did. A significantly large number, however, simply went to a place that was convenient to make their purchases.

What They're Buying

After excluding waxes and polishes,

PRODUCT CATEGORY REVIEW

APPEARANCE CHEMICALS



WHY THEY DIY

We asked DIYers why they applied appearance chemicals themselves. Here are their top three reasons

there are still many appearance chemical/protectant products that DIYers want. Among them are:

- Car Washes. These come in a variety of forms, but two of the most common ones are liquids that are mixed in water to form a washing liquid, and pre-packaged liquids that are used in automatic car-washing equipment. Modern car washes combine tough cleaning agents with chemicals designed to protect today's new-car finishes. That's an important selling point to stress, since other cleaners such as dishwasher detergents, which some DIYers may be tempted to use, don't offer all these benefits.
- Tire Cleaners. Getting the muck and tar off tires requires special appearance chemicals. Whitewall cleaners are also available.
- Chrome Cleaners. Both cream and liquid chrome cleaners are now available. Both do an excellent job of restoring new-car shine to bumpers and trim.
- Wire Wheel Cleaners. Those spokes on wire wheels are especially hard to clean and special products are available to make them look new again.
- Vinyl Cleaners. Virtually every car's dash top is made of vinyl and, on top of that, thousands of cars on the road have full or partial vinyl roofs. This material requires individualized types of cleaners.
- Vinyl Protectants. Along with cleaners, the typical DIYer should also buy protectants which will keep vinyl looking new, although subjected to hot sun rays and acid rain. Some makers offer vinyl chemicals that combine cleaning and protectant qualities. Vinyl cleaners are usually also good on rubber, plastic, plexiglas, and leather. One maker says that the vinyl protectant market is growing at the rate of 18% annually, making it one of the best appearance chemical sellers.
- Exterior Blackout Treatment Cleaners. With the black "Eurolook" still popular, several cleaning products especially designed for blackened car parts are now available.

Your store should offer and merchandise all of these appearance chemical/protectant products in order to take advantage of the line's booming sales. ■

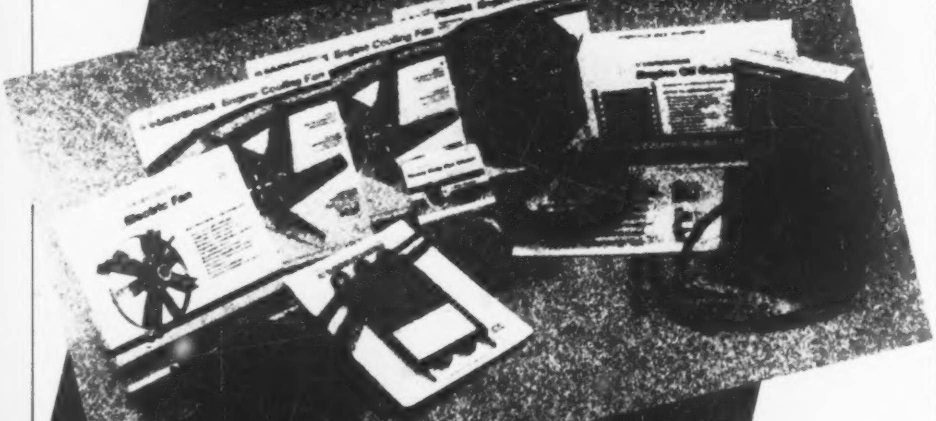
COOLING SYSTEM PARTS

PRODUCT CATEGORY REVIEW

Cooling system parts are easy to replace, and easy to upgrade.

Engines produce more heat than power. In fact, only about a third of an engine's energy output is used to run the vehicle; the rest of the energy output is heat. And that heat must be dissipated by the vehicle's cooling system, or the engine is harmed.

And there is more engine heat today than ever before. Small, fast, hot-running engines and heat-producing catalytic converters mean that the main trend for cooling system parts is one of faster parts wear-out. No wonder the market for cooling system parts is so strong. In 1987, retail sales of all cooling system parts were at about $1.9 billion, according to the Lindsey-Kaufman Co., Tenafly, NJ. The same firm predicts an annual average growth rate of 4% for all cooling system parts through 1990.



12.2%

of DIYers who have repaired & installed cooling system parts are heavy DIYers who work 11 or more hours a month on automotive DIY.

The Parts & The DIYers

All of the standard parts involved in the cooling system – thermostats and housings, radiator and heater hoses, clamps, heater valves, radiators and heater cores, water pumps, drive belts, temperature sending units, plus antifreeze/coolant, rust inhibitors and other additives – are all easily and actively replaced by DIYers.

For instance, *Automotive Marketing's 1989 Consumer Automotive Repair Study (CARS)* (March 1989) found that cooling system parts work was the 10th most popular DIY job among those interviewed.

CARS found that 90.1% of cooling system parts DIYers were male, while only 9.9% were female. Some 34.5% were 25- to 34-years-old, another 22% were 35- to 44-years-old.

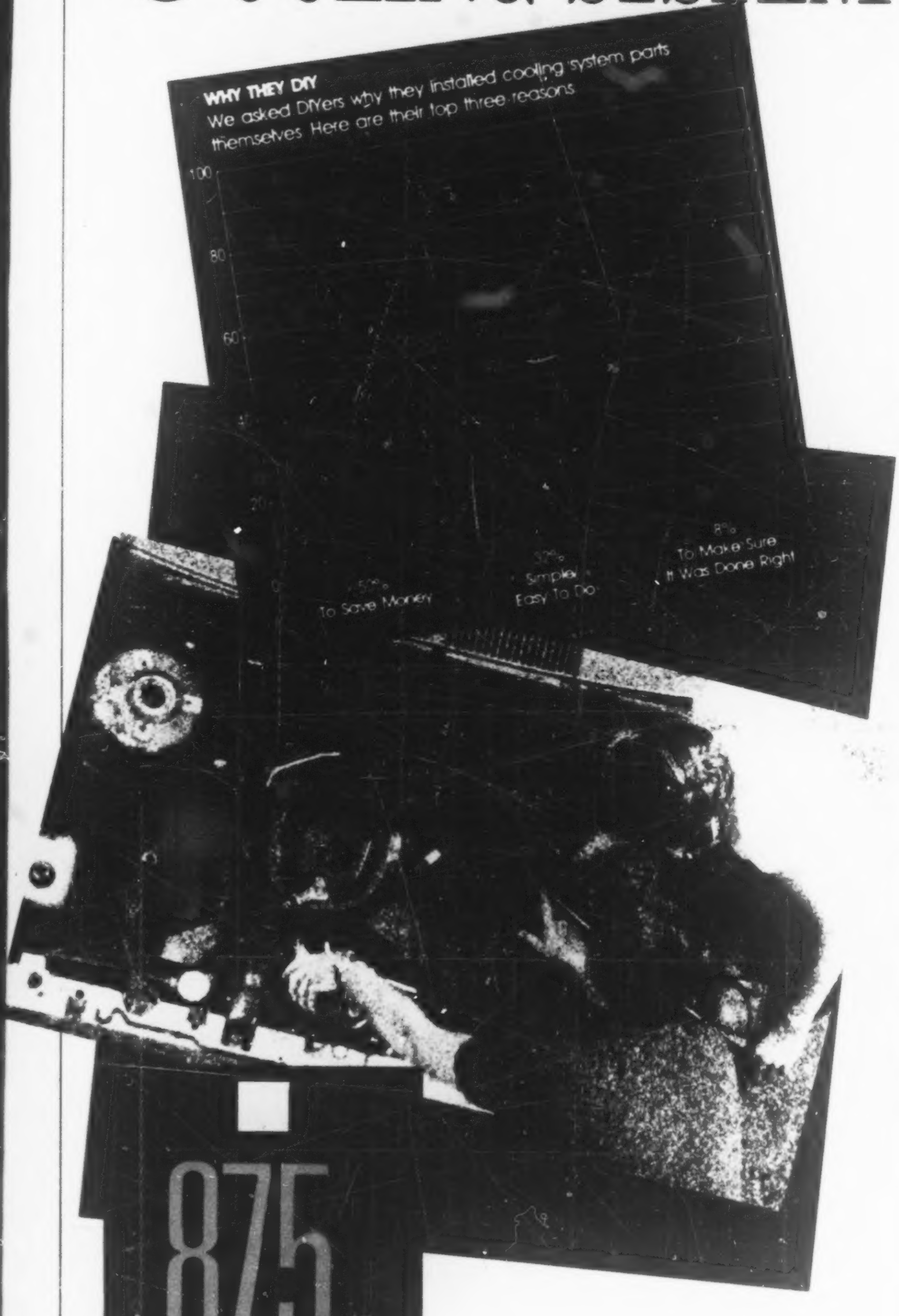
Most of these DIYers, 73.2%, bought cooling system parts at automotive stores and 46% said they made their purchase where they did because of price.

That same study found that DIYers of all income levels spend money on products for their vehicles' cooling systems. Some 27.8% of these DIYers have household incomes of less than $20,000 annually. Another 24.3% have incomes of $20,000 to $30,000 annually while 24.4% have incomes of more than $40,000 annually.

Perhaps the across-the-board spending on this system has to do with the fact that 41.5% of cooling system DIYers maintain two vehicles and 34.9% maintain three or more. And, 42.2% said their DIY involvement was increasing.

PRODUCT CATEGORY REVIEW

COOLING SYSTEM PARTS



87.5

of cooling system parts DIYers said they were very likely to do the job again

This is all good news for retailers. The better news is, however, that there is a whole other line of DIYable upgrade cooling system parts for retailers to sell, too.

These upgrade parts include flexible radiator fans, thermal clutches, electric fan, engine oil coolers, and transmission oil coolers.

Why Do The Work?

For DIYers who do cooling system parts work, there is almost instant satisfaction. With the rare exception of a failed head gasket, leaking casting plug seal, or cracked casting, all of the work on this system is eminently doable by the DIYer. All of this stuff is either on the outside of the engine, or tucked under the dash.

Replacement of certain OEM parts will prolong the life of the cooling system and improve performance. For instance, DIYers can replace the conventional radiator fan with a flexible or variable pitch fan and save as much as ten horsepower. This fan has blades that change their angle as more air passes by them at higher driving speeds. The result is that less power is needed to run the fan at higher driving speeds, but the engine still gets the air it needs.

DIYers can also add a thermal clutch. A thermal clutch cuts out at highway speeds and whenever else it is not needed. Since the clutch keeps the fan from turning on until the engine is warmed up, engine warm up time can be cut by as much as 50%.

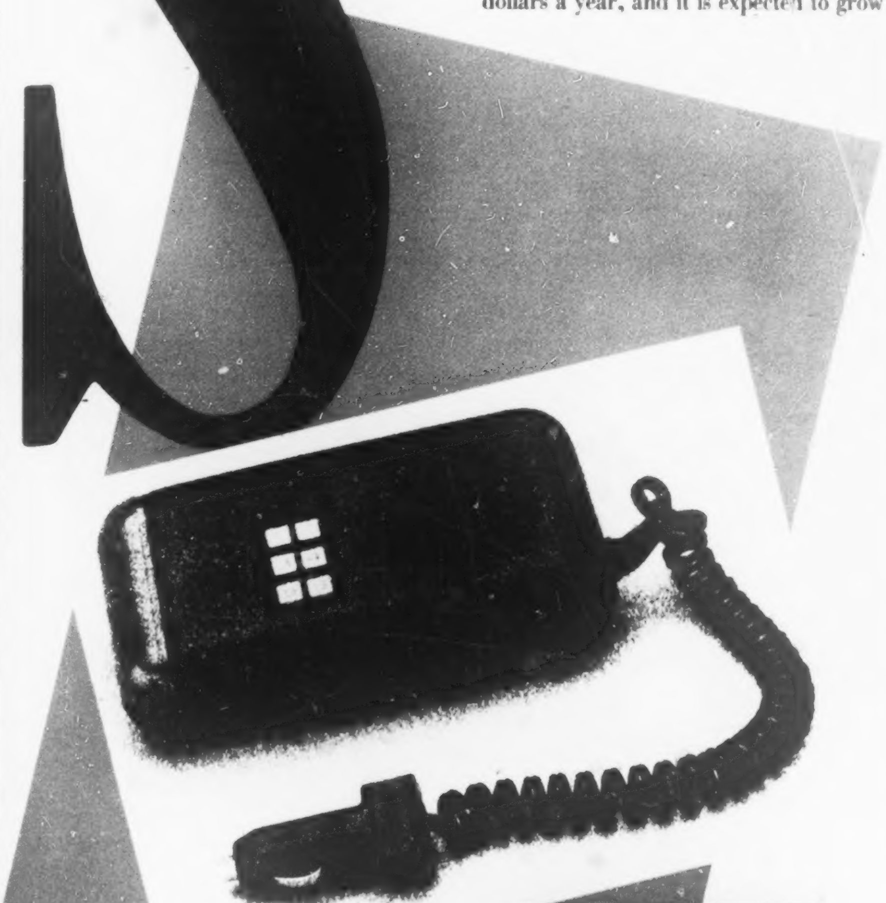
DIYers can also install an electric fan if their car does not already have one. Such a fan is efficient since it automatically shuts off when not needed such as at high speeds or in very cold weather. Consider this: when a car is started on a cold day, the engine works to warm up while a regular fan works to cool the engine off. An electric fan eliminates this. An electric fan can also be used with a temperature sensor inserted in the cooling system that shuts off the fan whenever the temperature drops below a predetermined point.

DIY installation of any of these upgrade parts leads to improved mileage and performance. ■

PRODUCT CATEGORY REVIEW

SECURITY

The market for automotive security devices just keeps getting bigger. Here's why.



20.1%

of DIYers who purchased & installed electronic accessories are heavy DIYers who work 11 or more hours a month on automotive DIY

The aftermarket security industry is booming along at about a half-billion dollars a year, and it is expected to grow at an annual rate of about 30%, according to recent studies.

There are several reason for this. The most obvious is that auto theft is on the increase. Losses from vehicle theft now top $5 billion each year, according to security products manufacturers. Automotive security devices keep that $5 billion figure from getting any bigger by effectively reducing auto theft.

A recent survey conducted by the Highway Loss Data Institute, Washington, DC, suggests that security devices do indeed deter theft. The institute surveyed the theft loss of several models equipped with factory-installed security devices and compared the losses with those of the same models without security systems. The study found that theft claims for the protected cars were 11- to 30% lower than for unprotected cars. Many experts believe aftermarket security devices offer the same level of protection to the DIYers who install them.

Another reason for sales growth in thisproduct category is that insurance companies are beginning to recognize the value of these devices. Most of the major auto insurance companies offer 10% to 15% discounts on comprehensive coverage to customers who equip their vehicles with approved security devices, according to the American Insurance Services Group, Washington, DC.

And finally, the devices – with their increasingly sophisticated electronic capabilities – offer both personal protection and creature comfort to an increasingly gadget-happy, up-scale customer.

Electronic Accessories & DIYers

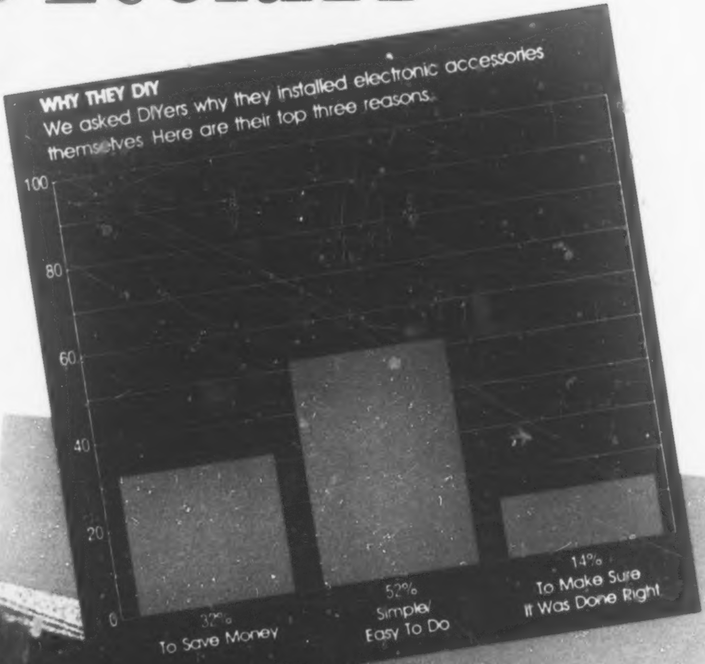
This product category includes security devices as well as horns, radios, tape and CD decks, speakers, gauges, cruise controls, trip computers, car phones, electrically-operated seats, electric window mechanisms, window heaters, and other accessories which draw upon the car's electrical system.

And while we do not have any "hard numbers" on the types of people who buy and install aftermarket security devices, we can draw some conclusions based on the DIY activities of electronic accessories installers.

Both security devices and other accessories are electronic (except for the me-

PRODUCT CATEGORY REVIEW

SECURITY



WHY THEY DIY

We asked DIYers why they installed electronic accessories themselves. Here are their top three reasons.

72.4%

of electronic accessories DIYers said they were very likely to do the job again

chanical security devices such as bars, lock, etc.) and therefore require a certain level of DIY confidence to install. Both types of products generally come with detailed instructions to help build that confidence. And, finally, both types of products tend to be big ticket items, items purchased with discretionary dollars. Since the products are similar in these respects, let's take a look at the electronic accessory purchaser and installer.

Who Is That DIYer?

Automotive Marketing's 1989 Consumer Automotive Repair Study (CARS) (March 1989)found that 89.2% of electronic accessory DIYers were male, while 10.9% were female. Some 37.2% were 25- to 34-years-old, another 33.7% were 35- to 44-years-old. As for the rest, 16.7% were younger than 25-years-old, 8.9% were 45- to 54-years-old, and 3.6% were 55-years-old or older.

That same study found that these DIYers have money to spend on big-ticket items like electronic accessories and security devices. Some 34.7% have household incomes of $40,000 or more annually while another 20.5% have incomes of $30,000 to $40,000 annually. Another 18.9% have annual incomes of $20,000 to $30,000, while 17.5% have incomes of less than $20,000 annually.

Electronic Accessory Installation

Security devices and all electronic accessories use an electric current for operation. And all of them must be turned on and off. When they turn on and off, they can produce electro-magnetic interference (EMI). That is, they produce a radio signal which can be picked up by the on-board computer's in today's cars. This can alter the action of these computers.

This is less of a problem when there is one computer in the car. But some cars have many computers. And, there is less of a problem when the accessory is of low power which limits the signal emitted. And there is less of a problem when wires can be routed safely away from the microprocessors, and away from the wires which send them signals. Luckily, security device manufacturers include detailed instructions to help DIYers avoid these installation problems. ■

C2150-10

$3.50

Chilton's

AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

AUGUST 1989

Discover Tomorrow At The APAA Show, Chicago, August 28–31

There Are New Consumer Segments: Will These Consumers Shop In Your Store?

New Car Dealers & Warranties: How They Impact The Aftermarket

Repair Specialists: Will Their Popularity Grow?

Avoiding The Comeback Box

A Look At Consumers In Grainbelt Central

Chilton's

AUTOMOTIVE MARKETING

a Chilton publication

August Issue Volume 18, Number 9

EDITORIAL STAFF
FAX (215) 964-4100

Rosemarie Kitchin,
Associate Publisher/Editor-in-Chief
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

P.R.N. Katcher,
Research Editor

John Wirebach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Tracey A. Higgins,
Editorial Intern

Jim Naughton,
Director of Graphics

Janet Lee Taylor,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

CHILTON COMPANY,
ONE OF THE ABC PUBLISHING COMPANIES,
A PART OF CAPITAL CITIES/ABC, INC.
Publishing President, Robert G. Burton
825 Seventh Avenue
New York, NY 10019

Chilton Officers:
Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Publications, Douglas A. Robertson; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P. Kushnerick

Copyright 1989 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.

FEATURES

Dealers, Warranties, & Service Sales 63
Can car dealers gain a bigger share of the service market? Will it be at the expense of retail stores that offer service? Maybe.

Merchandising Automotive Services: Competition Is Causing Shifts In Strategies 72
Competition is changing how service merchandisers deliver their product. Retailers with service bays could be caught in the middle.

How To Avoid The Comeback Box 83
The Comeback Box has four corners. A mistake in any one of them means trouble for your service operation.

Can The DIYers Who Shop In Your Store Fix This Car? 92
DIYers can still fix their own vehicles. But retailers will have to help them in new ways if they want to keep DIYers—and themselves—in the parts business. In this final part of our series, we look at the DIYability of four automotive systems: electronic accessories, ignition, starting, and suspension.

A Look At Marketing Regions: Grainbelt Central 104
In this third part of a series on the consumers in different areas, we look at Grainbelt Central. What makes the customers who live here different? And, what types of automotive products do they buy? This series will help you to better market your store and your products to the customers in this area.

The Fragmenting Market 115
There's no longer just one aftermarket. The successful retail store of the future will define its own aftermarket niche.

Get To Know Your Customers 122
In this fifth part of a series on the different types of people who shop in your store, we take a close look at the needs of your college-based customers.

It's APAA Show Time! 132
A quick-glance roundup of 1989's Show Week in Chicago.

APAA: Keeping Government At Bay 137
Social issues are crucial to APAA.

DEPARTMENTS

Detailing The Market 5
Editorial 18
Market Line 20
Retail Operations 126
Special Four-Color Show Products Section 140
Rep Guide 178
Ad Index 181
Reader Service Card 183

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢).

PUBLISHER'S NOTES

THE COMPETITION

This issue of Automotive Marketing is devoted to looking at competition. Part of our editorial philosophy is to inform you, our readers, about what the other guys are doing. None of us does business in a vacuum; it's only by keeping our heads out of the sand that we can stay on top of our game.

To that end, Senior News & Features Editor John Wirebach writes about how new car dealers will fare in the battle for service and parts sales market share. Will they take parts sales away from your store? Read his story to find out.

In the same vein, Contributing Editor Edward L. Kaufman analyzes service specialists. How these aggressive merchandisers position themselves will affect your bottom line.

But competition is more than other merchandisers. We compete for the attention—and dollars—of our customers. For a look at what we are up against as consumer habits—and interests—change, see Research Editor P.R.N. Katcher's piece on customer segments.

It seems appropriate to look at competition against the backdrop of the APAA Show. While this Chicago gathering brings us all together to share product news and industry education, it's also an arena of competition.

To that end, we preview the Show. We begin with booth activities, go on to Show highlights, and end with Show products. ■

Sarah J. Frankson
Group Publisher

DETAILING THE MARKET

Throughout the store
counter intelligence
Hi LO

Charles Fischer, T. Michael Young, Dirk Hoyt

IN-STORE FOCUS

HI-LO AUTO SUPPLY COMPANIES INC.
Headquarters: 8601 Tavenor, Houston, TX 77075
(713) 991-6052
Stores: 76
Total Corp. Sales: $92,000,000 (est.)
Average SKUs: 26,000
Founded: 1956

This successful chain has undergone some major changes. A Texas institution for decades, it was purchased in late 1987 by Saratoga Partners Ltd., an investment partnership managed by Dillon Read & Co., a New York investment banking firm. At that time, T. Michael Young, a Houston resident, joined the firm as president and CEO. He and other management personnel have an ownership position in the company; several former shareholders of Hi-LO have also retained interest.

Although some Southwestern businesses in similar markets have succumbed to financial problems, Hi-LO has retained its Texas flavor and flourished, even during Houston's economic slump.

The chain operates ten stores in Louisiana, and 48 in the greater Houston area. The remaining stores are in south and central Texas. There are expansion plans for Houston and central Texas. "Houston is turning around economically," Young said. "We're making strong plans to expand in that area."

All of the chain's 76 stores have been built by the company, all feature the chain's yellow and black color scheme, and most are freestanding. In recent months, the company has leased some large grocery stores as new locations. These will be remodeled as part of a massive remodeling program started four years ago to "modernize and create consistency," senior vice president/marketing and advertising Dirk Hoyt said.

"This was started when AutoZone came into the Houston and Louisiana market," Hoyt said. "We've remodeled 42 stores to date; we're planning on four or six remodels a year. All the worst stores are now done; the rest aren't in such bad shape."

Management has eschewed a race track format for its stores, opting, instead, for a "Pep Boys type of look," Hoyt said.

There are two basic formats for the Hi-LO stores. One has the parts counter in back, the other places it toward the front, off to the side. In each case, wide central aisles guide the customers toward "the popular commodity items," Hoyt said.

Also, the firm's warehouse has also been remodeled, modernized, and expanded from 180,000 sq. ft. to 200,000 sq. ft.

Some 60-65% of the chain's business is in hard parts. "On a dollar basis, about 70% of our profits are in hard parts," explained Young.

"We have a strong hard parts orientation. But we've now dedicated a lot more footage to the retail, hands-on, self-service type of merchandise. Our average retail area used to be 1,500 sq. ft. Now we have over 3,500 sq. ft. To better accommodate all of our customers, we've expanded our accessory/chemical product line to 30%, for instance," Hoyt said.

Still, the chain's reputation rests on its impressive hard parts inventory. There are 25,000-plus part numbers available per store, including a strong selection of import parts. "Our market area is 25-35% import by registration," Charles Fiseher, senior vice president purchasing. "We match that in our hard parts selection."

Although "there is a very strong direction to the way we approach the market," according to Fiseher, store managers can place their own orders based on their sales and their own judgement.

All the stores are linked to the central office by the computerized POS system, of course. "All stores have a standard inventory, but they can modify it to their sales volume and their individual market," Hoyt said.

Store managers report to one of four regional managers, who in turn report to Young. Young attributes the success of the chain in part to the managers, who are able to ferret out trends in their own market areas, and stock accordingly.

Citing the fact that average sales per Hi-LO store are $1,[illegible]00,000, Young said, "We try to do it all, and we *do* do it all. We're unique in that we're a traditional jobber, and yet we do everything that the DIY retailers do as well." Hoyt said.

According to Young, "A recent independent research survey of our area gives 23% of the retail parts sales market to Hi-LO. The survey, conducted independently in our area, said 67% of the respondents do some kind of work on their cars. Out of these 67%, 23% made Hi-LO their place of purchase." Young is proud of Hi-LO's niche in the marketplace, and attributes it to "our large inventory and parts. But," he continued, "Our number one strength is our very technically oriented sales people. We are able to attract and hire people who are very interested in cars."

Hi-LO has an aggressive advertising campaign. It's primarily print – the firm dispenses eight circulars a year in all markets, reaching over 2,500,000 households. There are also 25 newspaper ads per year.

But the part of the campaign that's "generated the most notice by the most diverse group," according to Hoyt, is Hi-LO's billboards. Large yellow signs with eye-catching black lettering, these billboards "don't even account for5% of our advertising budget," confided Hoyt, but they attract a great deal of interest in Houston, which is a commuter town."

Each billboard features a catchy phrase. In 1988, they included: "Bras, belts & hose," "Le Parts for Le Sabre," and "We're Wheel Smart." For 1098, Houston commuters will see "Parts Genius," "Counter Intelligence," and "Road Scholars."

Hi-LO faces formidable competition: Western Auto, AutoZone and Chief Auto Parts, to name a few. But management feels confident that it can beat that competition and remain strong in the marketplace.

DETAIL

53%

of specialty equipment consumers in 1988 were less than 30 years old, according to the 1989 Specialty Equipment Market Association (SEMA) Market Study.

PROFILE: MOTOR OIL DIYers

Drawing from the 1989 *Automotive Marketing Consumer Automotive Repair Study*, we look at DIYers who purchased and installed motor oil during the year prior to the study.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	73.5%	26.5%	15.4%	32.8%	22.5%	12.2%	17.1%	26.9%	24.8%	16.6%	26.9%	11.8%	63.1%	15.2%	9.6%

chains are interested and six additional chains are examining the plan and may well join before the August meeting in Chicago.

Although the group's initial emphasis will be on group buying power, Percy stressed that RPM is interested in a total marketing package.

"We will be into advertising, merchandising, and pricing help. There's even the possibility down the line of a private label," he said. However, there will be no central billing or shipping to a central warehouse. "Manufacturers have to ship to each member, bill each member, and credit them for co-op."

Product Lines Targeted

At the Charlotte meeting, the retailers identified the product lines they want to include. "There's quite a bit of overlap among the members," Percy said. "But in some areas there's no compatibility. They feel about half a dozen are important: accessories, chemicals, chassis parts, exhaust, shocks, and ignition. So I've got my first marching orders. They've identified lines, but not manufacturers. Before the end of August, I'll put together potential buying targets.

"But, don't forget, the members have to say they will accept, say X and Y, in a line. The by-laws say 80% of the membership has to agree to support that manufacturer's line. Now, in some other line, it could be a different 80%. But it has to be 80% of the group, not just four or five companies. So when I go to the manufacturer, the group has pre-approved the manufacturer, and I go in with some substance behind me. Now I represent about 200 stores and sales of $150 million. And maybe more," Percy stated.

"Sure, price will be a key. But price apart, we're interested in whatever constitutes a total program. Who has the best quality? Is he a prime manufacturer? How does he cover warranties? Fill rates? Shipping? We're digging into the soul of manufacturers. How well can the manufacturer perform for a group of this size? What kind of national advertising is there? Does the line have brand recognition? What kind of co-op funds can he offer?"

So Percy expects to be busy for the next few months. He's hunting office space, prospecting for more members, putting together a list of manufacturers. "The rumor mill is already starting to operate. I've received calls from several manufacturers and rep firms. It's going to be very interesting."

It certainly will be interesting. This is a story that *Automotive Marketing* hopes to stay very close to as RPM becomes an active force in the market. Stay tuned for further details. ■

QUICK LUBE MARKET

Jiffy Troubles Trickle Down To Lube Market

While the quick lube industry as a whole continues to grow. As best we can determine, quick lubes sell about 20-25% of the professionally-installed oil market now, up from less than 5% in the early 1980s. But the largest quick lube operation is in financial trouble. And the trouble at Jiffy Lube, Baltimore, MD, seems to be trickling down to other quick lube operations.

"What a difference a year makes," said an executive at one of the large quick lube operations, who preferred to be unnamed. "Last year at this time, everybody in the industry was gung-ho on opening new stores. This year, the industry is in a state of confusion. Nobody wants to talk about it on the record, but there's wide-spread concern about what's going on. With the problems at Jiffy Lube, we've all taken a step back to see what's going on."

The Problems At Jiffy Lube

Jiffy Lube's problems began to show upwith a *Wall Street Journal* article last September that claimed Jiffy had lent franchisees $49 million to pay their bills to Jiffy Lube. The article called Jiffy "A house of cards." Jiffy stock took a nosedive. Founder Jim Hindman quickly denied the *Journal* report, saying the loans amounted to only $35 million. He conceded there were some problems, particularly with Jiffy's largest franchisor Lone Star Lubrication, but he said risks were necessary to reach the critical 1,000 stores mark.

However, in February, Jiffy announced third quarter (October to December 1988) fiscal 1988 losses of $38.5 million (and a one time special charge of $39 million used mainly to buy back and write down 81 franchises.) In April, Pennzoil, which has always been a close financial friend of Jiffy Lube, provided $18 million in cash, debt forgiveness, and other aid.

A QUICK LUBE PROFILE

A readership survey by the *National Oil And Lube News* paints a good profile of the average quick lube outlet.

How long in business?	4.53 years (oldest 12 years)
Average number of bays?	2.54 (largest had four)
Price of basic oil change/lube?	$19.98 (from a low of $14.95 to $24.45)
Average ticket total?	$23.52
How many cars per day?	43.5 (low was 12, high was 90)
Advertising used?	Newspapers, 77%; Coupons, 77%; Radio, 52%; TV, 30%.
Busiest day of week?	Saturday, followed by Friday
Busiest month?	July, followed by August and January
Open Sundays?	12%
Average employee pay?	$4.68/hour
How long open until you made a profit?:	11 months

Source: *National Oil And Lube News*, Lubbock, TX

Then, just about the time we sent this issue to press, Jiffy Lube announced it expected to post a fourth quarter (January to March 1989) fiscal 1988 loss of about $32 million. "Losses of $5 million or $6 million would have been no surprise," the unnamed quick lube executive said. "But $70 million (over two quarters) is simply unbelievable."

We called Jiffy Lube vice president and chief financial officer Ed Kelley. Kelley told us he blamed the losses on "too fast growth. We're engaged in an ongoing effort to get the operation stable. We have to become market-oriented rather than growth-oriented. No more financing. Maybe only 70 new stores a year. We're looking for franchisers with the wherewithall to open without financing. This company can not be in that mode any more. It's run its gamut. It's time to circle the wagons and limit growth with good operating procedures."

Sales Are Strong

Kelley stressed that Jiffy Lube's sales were in excellent shape. Kelley expects system-wide Jiffy Lube sales to total close to $380 million for 1988, which, if our arithmetic is correct, works out to some 15 million oil changes at $25 each. For a company that started with seven stores in Salt Lake City in 1980, that's not too bad.

"We are the premier name – the Kleenex of the industry," Kelley said. "But there's a price to pay for that growth. We went public and rolled across the country but we underestimated the newness of the business. We sold franchisees by territories and some tried to grow too fast. There's a lesson learned here. The industry is still in its infancy. Growth must be controlled and prudent."

The Jiffy Lube tactics were based on two strategic principles: one, to be large enough to advertise nationally; and two, to be the largest national player before any of the large oil companies could make a major move. In addition to building stores through franchises, Jiffy Lube acquired as many stores as possible.

"We've been the pioneer, so we experience the good and bad first. There was a terrific spurt of acquisitions in the last three or four years to get market share. It drove prices up unrealistically and there were a lot of bad deals. Since we were the quickest to buy, we made more bad acquisitions than others. New stores do better than acquisitions. Originally we were reluctant to buy prime locations, but a quick lube demands tremendous visibility. We were the first to blaze that trail," Kelley said.

However the major problem at Jiffy remains, several weak large franchise owners who had been sold large territories and have operated outlets with poor results. "The mechanism of territory operations is not suited for good operation – owners who aren't in the stores have no feel for store operations," Kelley said.

JIffy Lube is taking steps to cope with its financial problems, however, Kelley said.

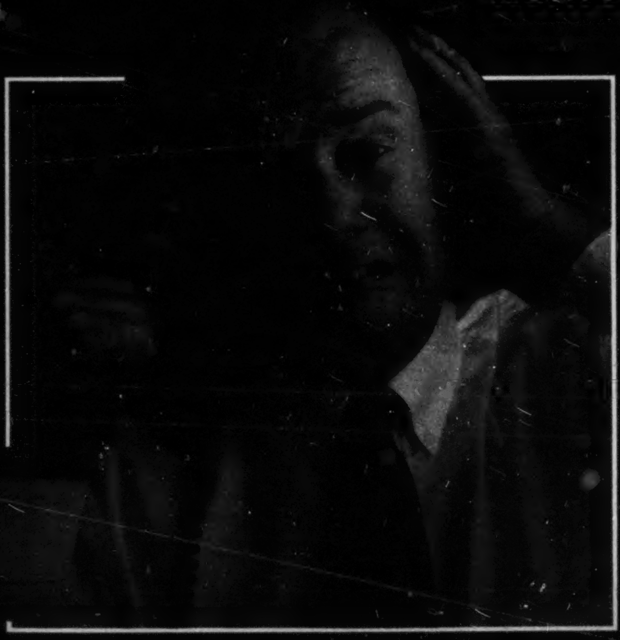
"We'll do some re-sizing. Dividing up territories. In some markets we're going to exit the market. We've evaluated loans, accounts receivable, and real estate. We've closed some stores, a total of about 15 over the past three or four months. Competitors may buy some of our markets. There's no sense to try and fight on every front. It's not a huge process, but a few here and there. We'll re-trench and go forward. We've reduced overhead by

WHAT A DIFFERENCE A DECADE MAKES

As the 1980s began, quick lubes were a new concept. By the end of the decade, quick lubes sold about a quarter of the installed oil market. The big losses in market share were service stations, which fell from about a third of the market to about a quarter of the market.

Installed Oil Changes	1989 %	1980 %
New Car Dealers	25-30	25-30
Service Stations	20-25	35-40
Quick Lubes	20-25	0- 5
Repair Garages	5-10	5-10
Tire Stores	5-10	5-10
All Others	5-10	5-10

Source: *AM* estimates



I got tired of getting
heater part headaches...

So I got smart.

I bought the *complete* AutoTemp program and now selling heater parts is a pleasure. Only AutoTemp offers such a complete package – one catalog, full line coverage, parts compatibility, outstanding training and service, and absolutely competitive prices ...all from one source.

Call (312) 677-4600 today. It's the smart thing to do.

AUTOTEMP

8324 N. Skokie Blvd.
Skokie, IL 60077

(Circle 24 on Product Information Card)

some 35% of our work force. That was a tough move but it had to be done," Kelley said.

And what about the future? "We're not expressing any opinion on the 1989 fiscal year," Kelley said. "We'll get through the year end and take a hard look at our alternatives. Selling the company is one option that's been thrown on the table. Have buyers put money into the operation, or restructure the company, are also options. We'll get on a much more market-oriented operating basis if we get some cooperation from our vendors and debtors."

Outsiders see other possibilities. For one thing, there are any number of rumors about possible defections by larger franchisors from Jiffy Lube. Several observers and participants claim that 300-400 Jiffy franchises could either go independent or even sign up with another chain. Independence seems more likely. If nothing else, defectors could increase their margins by about 15% in savings from royalty and advertising fees. Signing up with another quick lube seems to be a possibility in just a few scattered markets. Since Jiffy Lube has the name and the national TV advertising that other quick lubes lack, little would be gained in switching sides.

What seems more likely to outsiders is a buy-out of Jiffy Lube, with Pennzoil the logical candidate. But, as our Executive X argued, "Who's going to buy it and why? Jiffy is only valuable to someone who'll get incremental business from the purchase. But Pennzoil already has long-term oil contracts with most Jiffy franchisees. So the big oil companies can't gain, and why should Pennzoil chase what they already have? They already have the oil and filter sales. What do they gain?"

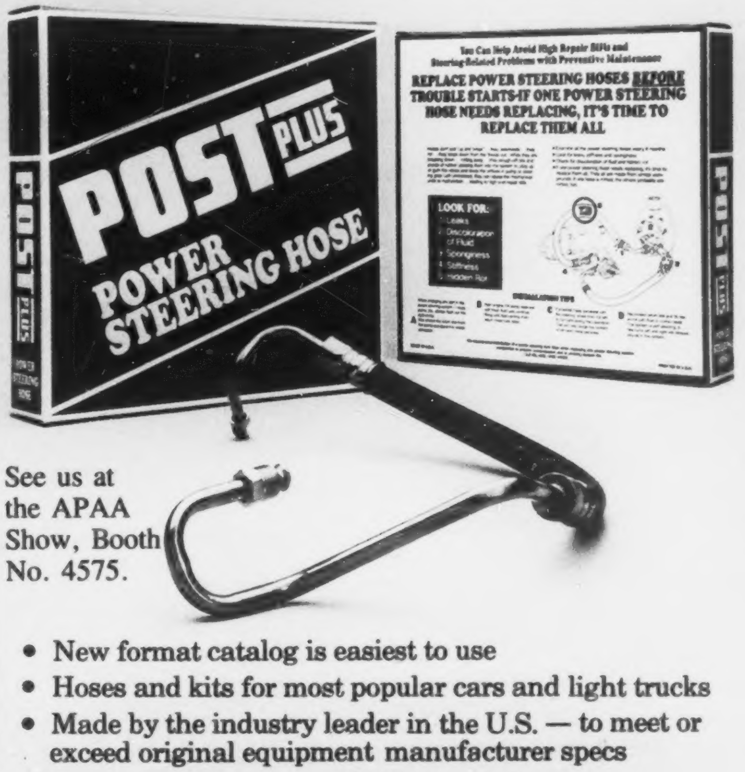
A third option is bankruptcy. "And what does that do to Jiffy franchise agreements?" asked the executive. "A smart attorney could void any contract if the company can't provide the services agreed to. It could be an incredible situation. A thousand units free to choose up sides again. We could be looking at a period of incredible craziness in the next year."

But even if Jiffy Lube survives without a drastic restructuring, the executive said, the company's problems will have a trickle down effect on the quick lube market. "It's really going to trickle down to the smaller companies. Everybody has a vision of incredible growth. But who's going to lend money? The banks are going to say, 'If the biggest company in the business can't make it with Pennzoil backing, you certainly can't make it by yourself.' So the small regional guys will start to get in trouble."

The trickle down effect seem to be that all the growth in quick lube building may slow down. We talked with officials at several of the major quick lube operations about their plans.

At Valvoline Instant Oil Change, Lexington, KY, which began franchising in the Spring, president Bob Harbison said, "We're going slowly. We're not franchising for the sake of numbers. We go through a difficult screening process for franchises to be sure they're financially able. We have 213 company stores, five franchises open, and 30 sold. We may have 50 open in a year or so.

"The Jiffy Lube publicity casts a shadow on the industry, certainly in respect to franchises. It makes it more difficult to get good prospects. But we're committed to the business. We're moving ahead with company stores. The window of opportunity is a little wider now with Jiffy not moving so fast and Quaker State slowed down some. There may be a longer time


POST PLUS
POWER STEERING HOSE
REPLACE POWER STEERING HOSES BEFORE TROUBLE STARTS-IF ONE POWER STEERING HOSE NEEDS REPLACING, IT'S TIME TO REPLACE THEM ALL
LOOK FOR:
Leaks
Discoloration of Fluid
Sponginess
Softness
Hidden Rot

See us at
the APAA
Show, Booth
No. 4575.

The product.
The program.
The profit.

Are yours with
POST PLUS
power steering products.

Because do-it-yourselfers find that POST PLUS hoses fit perfectly for easy installation.

- New format catalog is easiest to use
- Hoses and kits for most popular cars and light trucks
- Made by the industry leader in the U.S. — to meet or exceed original equipment manufacturer specs
- Consistent high order fill with fast turn-around
- Our Consolidation Program means plus profits — minimum inventory with maximum coverage

POST PLUS
POWER STEERING HOSES
P.O. Box 28339 • Cleveland, OH 44128
(216) 581-0633

(Circle 25 on Product Information Card)

frame to develop markets. We've backed off to 50 from our original estimates of 75-100."

At Grease Monkey, Denver, which now has 155 outlets open and sales of $30.9 million for 1988, president Art Sensinig said the company was "on target with one (new outlet) a week. But we screen better for financial qualifications now. Potential franchisees need a bigger net worth to build and buy. We've been fortunate so far to get good ones."

At Avis Lube, Garden City, NY, vice president and general manager Vince Russo said the chain had 48 open and 40 under development. "I agree, there's not too many banks lending money for franchises. I think less than 250 total stores will open in the next 12 months. That's not just us. That's the whole industry. But a lot of outlets will change hands. We hope to be at 150 in 12 months."

Jiffy Lube's Kelley said that the quick lube industry is going through a shakeout; Executive X said we might see a year of "incredible craziness." Much of it depends on what happens to Jiffy Lube. ■

ELECTRONIC RETAILING

Aftermarket Adopts Electronic Retailing

Automotive aftermarket applications of a variety of electronic retailing systems were highlighted in the seventh annual Touche Ross electronic retailing conference held in Atlanta, May 30-June 1.

"After all, we've got the same sort of inventory problems as Florsheim Shoes does," conference delegate Andy Moye, president, Parts City, Atlanta, told *Automotive Marketing*. He added that modern electronic retailing systems could help solve the parts proliferation and inventory control problems the aftermarket faces.

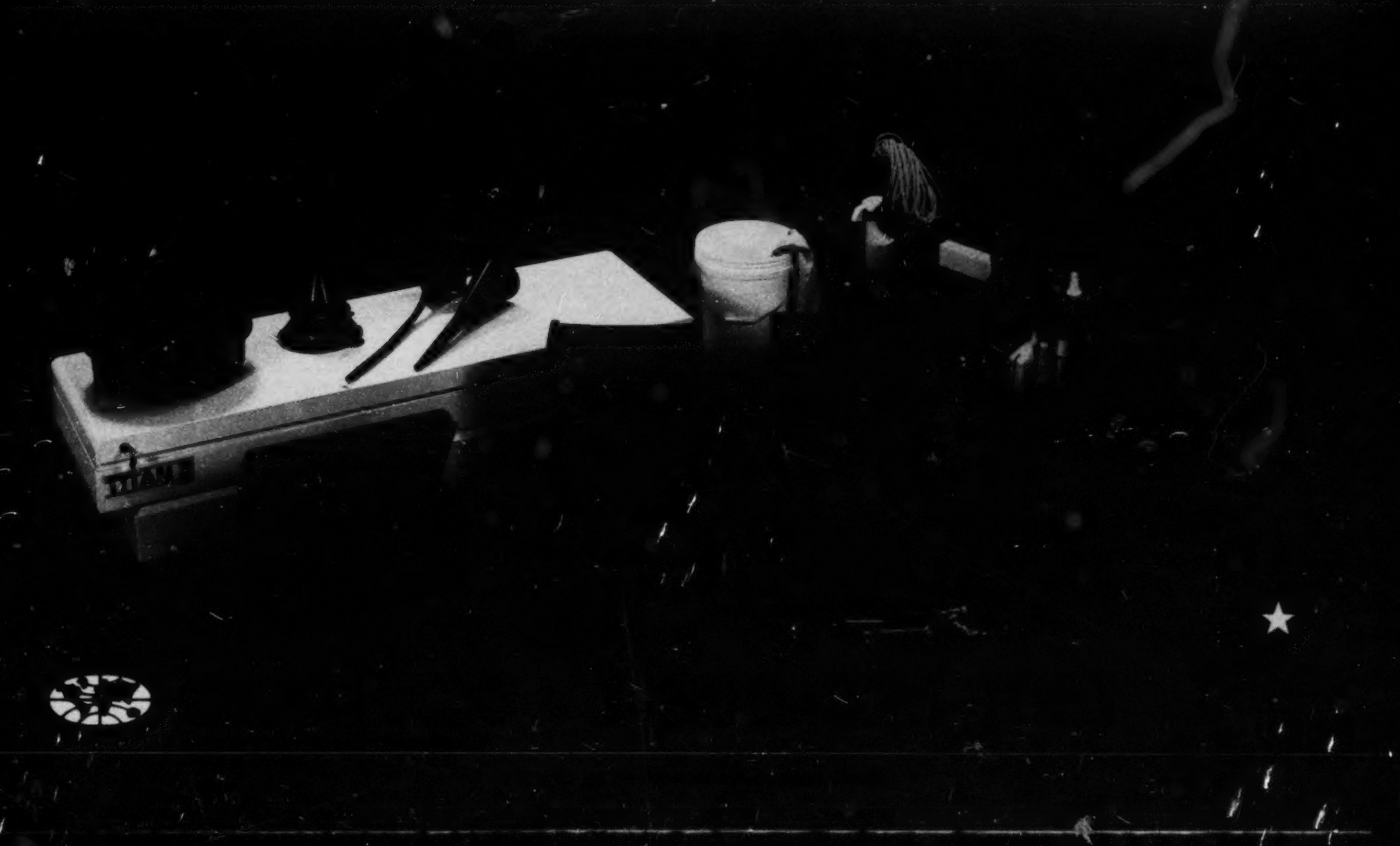
"Retailers are still struggling," Cynthia Cohen-Turk, Touche Ross, New York, told the delegates. "There's only a small percentage of growth in the retail industry." Among reasons for this, according to Cohen-Turk, is a smaller labor pool which is less well trained and more costly to retain. Hence, she said, "Everybody is looking at electronic retailing today."

One company that offered some solutions to both sales help and inventory problems at the show was By Video, Sunnyvale, CA. It showed an electronic kiosk that leads potential customers to the proper selection, and purchase, of batteries and tires. The kiosks are being made for Pace Membership Warehouse Inc., Aurora, CO, and feature A.C. Delco batteries and B.F. Goodrich tires. The kiosks also display the two manufacturers' advertisements.

Intermark Corp., New York, showed a small computer that fits on a automobile ski rack display. Again, the computer leads the potential customer to the right ski rack for his car and purpose. According to Intermark's Lili Mahlab, the ski rack manufacturer has ordered 500 of these computers initially, with more orders a possibility.

"We're also developing a display for a light manufacturer," Mahlab said, "that will fit on the manufacturer's display. It takes only six answers to its questions to tell the customer exactly what sort of lights he needs." ■

CONTICO TUFF! Automotive



For example, the warranty on a $500 repair would cost $55.

"Most repairs are covered," Boothe said. "However, there are some exclusions. We do not cover transmission/transfer case overhaul or replacement, engine overhaul or replacement, maintenance type items like wiper blades, batteries, tires, carburetors, or turbochargers. The list is spelled out for the consumer. But some of the repairs we do cover are not covered on most other warranty programs, such as friction materials in brake and clutch work, and pipes, clamps and hangers on exhaust jobs."

Any Time, Any Place

Any covered repair done at any participating dealer can be repaired at any other participating dealer's shop. "We recently had a woman who'd had a clutch repair done in Mishicot, WI, traveling in Cedar Rapids, IA, when the clutch went bad. She called us and we gave her the name of our Cedar Rapids dealer. If there were no dealers nearby, we'd have told her to go to a new car dealer or to any repair shop she feels comfortable with, and we'll refund 100% of the repair price," Boothe explained.

To become a National Warranty participating dealer costs $240 a year which pays for signage, advertising, and Yellow Page identification. To qualify, dealers must either have been in business for five years or have an ASE-certified mechanic on the staff. Dealers must also agree to do warranty repairs from other shops and buy 50% of parts from the sponsoring jobber.

"It means the dealer absolutely must take care of his customer," Boothe said. "It tells the consumer, the odds are, the job will be done right. Because the dealer knows the job will be coming back if it's not." Thus, the dealer gains a consumer's confidence and probably more of his business.

Right now, the program is running chiefly through the 1,200 Bumper to Bumper jobbers, each of whom has about five to ten dealers he wants up on the program. Boothe said that when they're finished with Bumper To Bumper, they'll go out prospecting for more. "The optimum number of locations," he joked, "is about 300,000 service centers." ■

VEHICLE SALES

AUTOMAKERS' MARKET SHARES

When you are ready to stock parts for the cars sold in 1988, you should plan on stocking more parts for GM vehicles than for Chryslers. GM gained a slight amount of market share of new vehicle sales from 1987 to 1988. The percentages below are sales by marketing units, thus the number for the Japanese makers include both imports and sales of vehicles made at their U.S. plants. GM, Ford, and Chrysler totals include their captive imports.

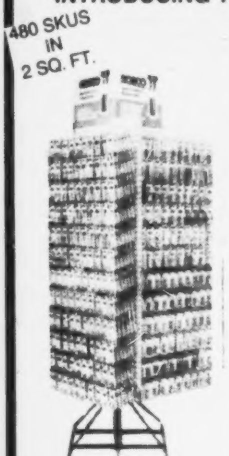
Maker	Market Share % 1988	Market Share % 1987
GM	35.6%	35.0%
Ford	24.3%	23.2%
Chrysler	14.3%	13.5%
All Japanese Carmakers	20.4%	21.9%
All European Carmakers	3.7%	4.6%
All Korean Carmakers	1.7%	1.8%

Source: Allomatic Industries, Inc., Woodside, NY

Q: Are you offering your customer the right quality AUTOMOTIVE fasteners?

A: Without ROBCO you're not!

INTRODUCING THE #8327 "COUNTERMANS FRIEND"



OUR "QUALITY SELECTION" OF ONE PRICE VIS-PAK® CARDED EVERBRITE® PLATED FASTENERS MEETS THE NEEDS OF YOUR CUSTOMERS... FROM THE D.I.Y. TO THE PROFESSIONAL MECHANIC, THIS ONE ASSORTMENT COVERS 99% OF TODAYS AUTO AND TRUCK FASTENER NEEDS, DOMESTIC AND IMPORT.

THIS VAST SELECTION INCLUDES TORX, TEKS, DRILL BIT®, ANTI-THEFT® SCREWS, ETC. ...ROBCO METRIC MEETS THE SPECIFICATIONS REQUIRED BY O.E.M. DISPLAY PROMOTES EASE-OF-SELECTION FOR CUSTOMERS, WHICH FREES UP YOUR STORE PERSONNEL TO BE SELLING "BIG TICKET".

PIECE COUNT BEATS ALL COMPETITION, CUSTOMER SATISFACTION GUARANTEED WITH VALUE IN EVERY PAK!

YOU'LL NOW GET MORE TURNS, MORE PROFIT, IN LESS SPACE!

CALL TOLL FREE:
1-800-344-3312 O.S.
1-800-421-5923 CA.

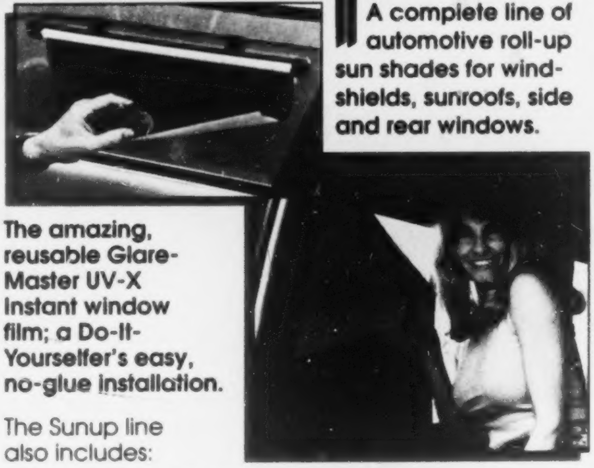
ROBCO...THE RIGHT WAY!

SEE THE COMPLETE PROGRAM AT APAA BOOTHS 4569-71

(Circle 46 on Product Information Card)

From IMI sunup® THE SUN CONTROL PEOPLE

A complete line of automotive roll-up sun shades for windshields, sunroofs, side and rear windows.



The amazing, reusable Glare-Master UV-X instant window film; a Do-It-Yourselfer's easy, no-glue installation.

The Sunup line also includes:

- the trim-to-size rear window louver
- exterior front windshield Super Sun Screen
- front sun screens, plain or Designer Series
- colorful rear window screens

All IMI products are attractively packaged and fully guaranteed...

IMI sunup®
Buena Park, CA
(714) 739-1188

(Circle 43 on Product Information Card)

DEALERS, WARRANTIES & THE AFTERMARKET

Can car dealers gain a bigger share of the service market? Maybe.

by John Wirebach, Senior News & Feature Editor

In the 1990s, many industry analysts believe new car dealer service centers will play a major role in the service market. Import dealerships already dominate the imported car repair market, and the feeling is that in the 1990s, domestic dealers will grow beyond their present approximate 20% market share. There are several factors behind this reasoning.

For one, the complexity of newer cars requires highly-trained mechanics and expensive diagnostic equipment. For another, the growth of warranty sales, whether through OE car companies, independent insurance writers, dealers, or federally-mandated programs will help dealer repair business. In addition, the OE car makers now place enormous emphasis on consumer satisfaction and improved dealer service work. The increase in Mr. Goodwrench advertising by GM is only one example of OE support.

Dealer service centers also possess natural advantages. For example, a dealer usually has the best pay scale and can hire the best mechanics (although national chains sometimes offer better benefits). And, dealer mechanics have access to factory training, the latest manuals, and the most up-to-date equipment.

At the same time, the new car dealer who seeks to improve his service sales faces some daunting challenges. Consumers perceive the dealer's service center as inconvenient and high-priced. And, perhaps even more important, the new car dealer doesn't get a lot of respect; consumers just don't trust dealers. One service manager commented bitterly, "I wish my owner would let me post a sign that says, 'We positively, absolutely, will not rip you off.' "

Some Numbers

Based on National Automotive Dealers Association (NADA), McLean, VA, data, and augmented by *Automotive Marketing*, here's what the average new car dealer takes away from the independent aftermarket per year:

- $536,000 in repair work
- $273,000 in warranty work
- $309,000 in wholesale parts sales
- $65,000 in over-the-counter sales

That's a total of about $1.2 million per dealer. With all parts and service sales factored in, NADA reports that new car dealers did $43.4 billion in service and parts sales in 1988, up from $38.7 billion in 1987.

Total new car dealer sales in 1988 were $303 billion, according to the Department of Commerce. So, service accounted for about 14% of company sales. Nevertheless, NADA claims that the majority of dealers lose money on service operations. The average profit on service for all dealers is 1.9%.

While service profits are low, overall profits are almost as low. NADA figures show the average dealer's total pre-tax profits fell in 1988 to about 2.1% of sales and, so far in 1989, are running even lower at about 1.8%.

Once close to 50,000 in the 1950s, the number of dealer owners has declined steadily to 25,100 in 1979 and 16,500 in 1989. A *J.D. Power Report* recently estimated it might fall to 12,000 by the mid-1990s. With new car sales off 6% so far in 1989, the *Power Report* said 2,000 dealerships may close in the next 18 months.

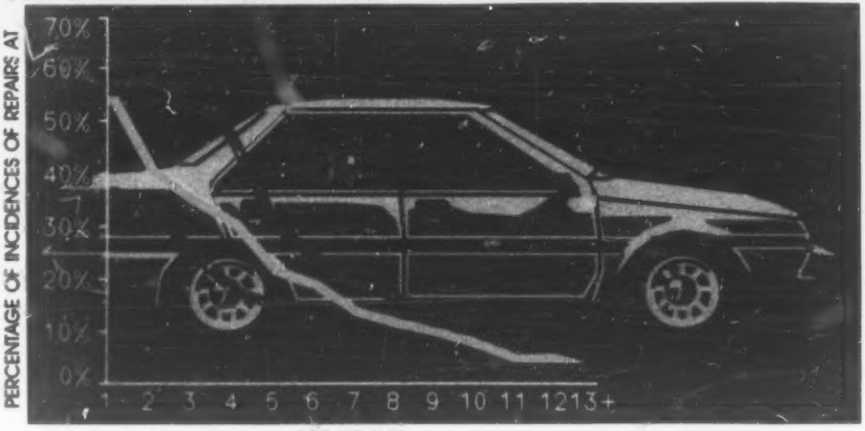
In fact, so far in 1989, two of the top three dealers on the *Auto Age* 500 top dealerships, with combined sales of $312 million, went bankrupt. It's worth noting that the two dealerships did only 3-4% of their gross sales from parts and service. The average for the Top 500 was 12.4%. So, perhaps service work is more important to profits than dealers realize.

Why They Do Poorly

The first question we might ask is why,

CAR DEALERS SHARE OF MARKET

This chart shows the percentage of consumers who went to car dealers for 42 aftermarket installations or repair services. European import dealers maintain a consistently higher market share for all ages of cars than either Asian or domestic dealers.



■ Domestic Dealers ■ Asian Dealers ■ European Dealers

Source: Easton Consultants, Hopkinton, MA, using Industrial Market Research data.

DEALERS, WARRANTIES & THE AFTERMARKET

with all the inherent advantages of the dealer's service department, do dealers do so poorly? Analyst Dennis Virag of the Automotive Consulting Group, Ann Arbor, MI, feels that dealerships will do much better in service in the 1990s. Nonetheless, he said, dealers will have to make some changes first.

"Why haven't they done better before? See the dealer owner/principal. What did most of them do before running a dealership? Over 90% came from sales. They like to sell. Service is a necessary evil. They were born and raised on sales. They really don't understand the service business. And when you don't understand something, you avoid it," Virag said.

Consultant Bill Marcus, Bill Marcus Inc., Farmington Hills, MI, sees simple reasons why customers leave the dealership as soon as the warranty is up: "Convenience, quality, caring, price. Another perception, it takes too long. You bring your car in for a minor tune-up with a 1.6 hour book rate. A good mechanic can do it in 35-40 minutes. But you have to leave your car all day."

As a result, one dealer said simply, "The specialty places like Precision Tune and Jiffy Lube are cleaning our clocks."

The 1984 *Hunter Jobs Survey*, which measures repair jobs only at garages, gas stations, and car dealers, shows that dealers consistently do about 20-25% of repair jobs. However, they do poorest in high-turn, high-profit work such as brakes, shocks, and mufflers. They do better in heavy complicated engine jobs and transmission work. So, even setting aside the specialty repair shops, dealer service bays are not competitive for high-profit service work.

One benchmark for measuring the efficiency of parts and service work in dealerships is a statistic called service absorption. Consultant David Wheeler, Wheeler Management, Nashua, NH, explained, "A service absorption figure says that the total gross profit from parts and service work should cover three-quarters of the total expenses of the dealership. In other words, if the dealership is operating smartly, new and used car sales should become net profit items. How many dealerships do it? A very small minority. Maybe 5% reach that goal. And that's probably high."

Wheeler added, "Service is an afterthought to most dealers. Most dealers would be perfectly happy not to have a service department. And previously, the factories judged them mainly on their ability to sell new cars. But now the factory emphasis is on CSI (Customer Satisfaction Index). Factories have learned that good service can generate repeat business. If you don't do the job right, you always have to buy new customers with advertising. That's expensive. So a bad CSI rating can mean the end of a franchise."

Customer Satisfaction Indexes

GM began the CSI concept with 2,000 of its dealers in 1979. Since then, all the major car companies have adopted some kind of CSI rating. But in the last few years, the OE car makers have tied franchise licenses to CSI ratings.

Although CSI surveys are proprietary, the surveys are no different from any customer satisfaction survey. Sharon Dixon, president of Consumer Contact Corp., Denver, conducts a consumer satisfaction survey every six months.

On the average, about half of the new car buyers, according to Consumer Contact surveys, need some kind of warranty work in the first year. In the latest survey (March 1989), 12% had to return three times or more. About 70% said they're satisfied with the service, and about 85% said the dealer's service people are helpful. These numbers have remained constant for surveys dating back to October 1986. But on the negative side, a little under 30% of those interviewed find service delays, chiefly because parts are unavailable.

Dixon reports that a dealer she worked with moved from number 22 in the area to number three "just by finding out what wasn't going smoothly and attacking that problem."

Dixon adds, however, that the dealerships suffer on consumer surveys simply because for some reason "even those people who say they're satisfied, refuse to give the dealership the highest rating."

Warranties: Good & Bad

CSI is one way OE car makers push dealers to improve service. Another way is with warranties. Virtually all new cars are sold with a 12 month/12,000 mile warranty on all parts of the car. In recent years, the OE car makers have added extended warranties on the engine and powertrain that run as long as 7 years/70,000 miles. A factory warranty suggests that the car maker has confidence in the quality of the car, which is good advertising and good for sales. But factory warranties are all over the board, as Jim Muntz, publisher of *Warranty Dollars And Sense*, Metuchen, NJ, explained. "It seems like every year, there's a new plan. GM usually leads, Ford follows, and Chrysler does something different," he summed up.

Warranties provide a chance to service the customer, to tie him to the dealership. But servicing warranties means dealers have to invest in more training and equipment than other service outlets. "Another problem is that warranty work will displace customer work," Muntz said. "That's just coming into effect at most dealers since long-term warranties are still pretty new. Dealers are settling into long-term warranty business."

But in addition to OE factory warranties, the car makers, dealers, and private insurance firms (at least 70 exist today) all sell additional long-term warranties now. An *Auto Age* survey found that about a third of new car buyers purchase some kind of extended warranty. The average price is $473, with dealer profits at $280.

Again, this has good and bad effects on the dealership. As much as half the fee for private warranties goes directly to the dealer. Finance and insurance sales have risen from 12% to 22% of average gross sales at dealerships in recent years, chiefly because of warranty sales.

However, the dealership service department must then service the vehicle for the life of the warranty. And, too often if there's a warranty dispute about what's covered and what isn't, the dealer takes the blame, not the warranty seller.

At domestic dealers, warranty work can take half the service business. In fact, domestic OEs are satisfied with a 60/40 (customer paid to warranty work) ratio in dealerships. Although it sounds like guaranteed work for the dealer, warranty service rates are about 30-35% under the book rate for customer-paid jobs. "The factories establish their book rate with the top skilled technicians using all the bells and whistles on a brand new car," noted Marcus. "But try to get that time in a dealership on a two year-old car with the bolts rusted tight."

"Many domestic dealers have to turn away customer-pay jobs just to do warranty service," Wheeler said. "We've consulted at a lot of dealers where warranty work is 90% of the work. While domestic dealers groan about the high volume of warranty work, the ratio of warranty work at import dealers is much less. Most put it about 10% warranty to 90% customer-paid. In addition, import dealers have held a much larger percentage of import repairs. The imports have an excellent product. Their cars just don't break. However, domestic quality is improving. The amount of labor going into maintaining a domestic car under warranty is half of what it was ten years ago."

Consultant Jac ("No k") Grimes, president of Plus Systems, High Point, NC, notes that the imports also "did a much better job of educating the customer. If the maintenance was not done, they could refuse to fix it. And it was a unique product without a lot of independent service bays in the beginning. Plus, the import factories realized that car sales would be slow to take off, and dealers needed a captive service market."

Along with factory and private warranties, the dealerships are also required to do federally-mandated emissions warranty work for 5 years/50,000 miles on a whole list of products. Congress may extend the period to 10 years/100,000 miles with new clean air legislation.

However, Grimes added that warranty work can be positive "for dealers who are intelligent enough to use them correctly. It's a good way of tying the customer to the dealer."

One Good Example

One Midwestern dealer, who didn't want his name to appear in a "retail book; otherwise people will see how good our program is," has been highly successful with a dealer-sponsored warranty that sells for $983-$1,683. "The average is about $1,283. We set about half of that aside to cover maintenance costs."

Dealer X said warranties need to benefit the consumer. His dealership's warranty covers virtually everything on the car except tires and batteries. For example, the customer gets ten oil changes.

"We started it for two reasons. First, we wanted to make more money. This has been a real plus for our income. And second, we wanted a way to marry the customer to our dealership. We wanted to retain customers by taking care of them. Warranties are like life insurance; you hope you never use them. If you buy a car and never have any problems, it's wasted money. But it's still nice to have the insurance. With our policy, at least the customer gets some free scheduled maintenance as a benefit."

Why aren't other dealers copying Dealer X's concept? "It's tough to get dealers to change. They're not open to change. They do a poor job of marketing their service departments. Nowadays, convenience is very important. And some dealers make getting an oil change a problem for the customer. The labor rate doesn't help. When you go in, the first thing you see is a labor rate sign. Factory warranties help a little, but the factories have to push service."

OE Changes

There are signs that the OE car makers are pushing dealership service work. For example, both Ford and GM are rolling out quick lube programs that emphasize convenience, dedicated bays, and menu prices. Ford may reach 5,500 dealers eventually, while GM will go to 7,000 Mr. Goodwrench certified dealers.

In addition, Virag said the key to repair success in the future will be in diagnosis, and GM is pushing advanced CAMS (Computerized Automotive Maintenance System) units to its dealers.

"The difference between CAMS and other units is that it's keyed to electronics. Most driveability problems in new cars are electric-related. Today's cars have very few mechanical failures. The program has been slow to develop, but now it's at the point where it may have a major impact for dealers who have it. It's able to find an electronic problem very fast and validate the repair when it's done. It should enable service departments to do it right the first time, eliminate parts changing and comebacks. Right now, about half the GM dealers have the unit and there's a lot of success stories."

Virag noted that Ford and Chrysler should be out with similar systems in 1990. The question is still open as to whether CAMS will remain a proprietary system or whether GM will release it to the aftermarket. There are about 7,900 GM cars per GM dealer service bay, however, and Virag said, "I would think over some time that they will have to release some information. There's a good question: if someone can't get their car fixed in the aftermarket, and had to go to the dealer to get it done right, would they ever buy another GM car?"

Dealer/OE Relations

But at the same time, GM has also created its Delco-Tech program for independent repair shops. The shops must use Delco parts and have GM trained mechanics to qualify. In return, they get OE certification. There are some observers who feel the Delco-Tech program is a vote of no confidence in ability of GM dealers to handle the service load in the future.

As one GM dealer said, "Sure, we're up in arms about Delco-Tech. They're going to get the gravy and we're going to get the garbage. Right now, they're not licensed to do warranty work. But no one believes that will last. It's another example of increasing corporate profits at the expense of the dealer."

Right now, dealer-factory relations are poor. NADA's new chairman Ron Tonkin, an Oregon dealer, has a list of complaints such as subsidies to rental companies, confusing warranties, inconsistent CSI ratings, and rebates to discuss with the OE factories. The move is spurred on by deteriorating dealer profit margins.

However, as Virag noted, "The manufacturer has to realize sooner or later that the dealers are its marketing arm, and they have to make a profit. If the OEs start losing dealers through financial failures, who's going to sell the cars?"

Obviously, the OEs can't allow their dealers to go out of business. But in return for supporting dealers, the OEs could use CSI ratings and proprietary equipment to lean on dealers and vastly improve dealer parts and service work. If this sort of thing happens, then the dealer's service market share could easily grow.

But if there are no commitments by dealer and OEs to improve service, then dealers will continue to stumble along, some good at service, but most fair to poor. ■

DEALER PARTS AND SERVICE BUSINESS
(in millions)

Labor Sales At Dealerships	1988	1987
Customer Repair Work	$ 7,430	$ 6,448
Customer Body Work	2,846	2,622
Warranty Sales	2,546	2,589
Internal	2,343	2,226
Sublet (done by other shops)	1,625	1,468
Other (inspections, etc.)	1,223	1,138
Total	$18,256	$16,490
Parts Sales At Dealerships		
Wholesale	$ 7,738	$ 6,621
Customer Repair Work	5,976	5,066
Warranty Work	3,942	2,373
Customer Body Work	2,762	2,577
Internal Use	2,360	2,200
Over The Counter Sales	1,607	1,466
Other	854	755
Total	[illegible]	[illegible]

Source: National Automotive Dealers Association

REGIONAL MARKETS: A LOOK AT GRAINBELT CENTRAL

by **P.R.N. Katcher**, Research Editor

The area we call the "Grainbelt Central" is largely covered with "amber waves of grain." The region's rich soil and changing seasons make this prime farming country. It's also good automotive DIY and service country, due in large part to the long distances most people here must drive.

Although there are some cities in Grainbelt Central, most inhabitants live on farms or in small towns. The region's generally few and small population centers can make profitable store placement difficult. This has tended to discourage some chains—although there are several strong ones here—from entering the area and has left independent stores in a strong retailing position.

The people in the stories Rose Nyland, of television's *The Golden Girls*, tells about the mythical town of St. Olaf, MN, are Scandinavian. Indeed, many northern Grainbelt Central settlers are of Scandinavian descent, an influence still felt. There is also a heavy German influence in the southern Grainbelt Central area. These are self-reliant people, the type who bake their own bread and repair their own vehicles.

Religion plays a large part in Grainbelt Central life. The area is largely mainstream Protestant, which has given the area a somber, serious approach to life. "Here in the Midwest, having a good time is considered okay provided you don't let it happen again," writes Minnesota native Garrison Keillor in his latest book, *We Are Still Married*.

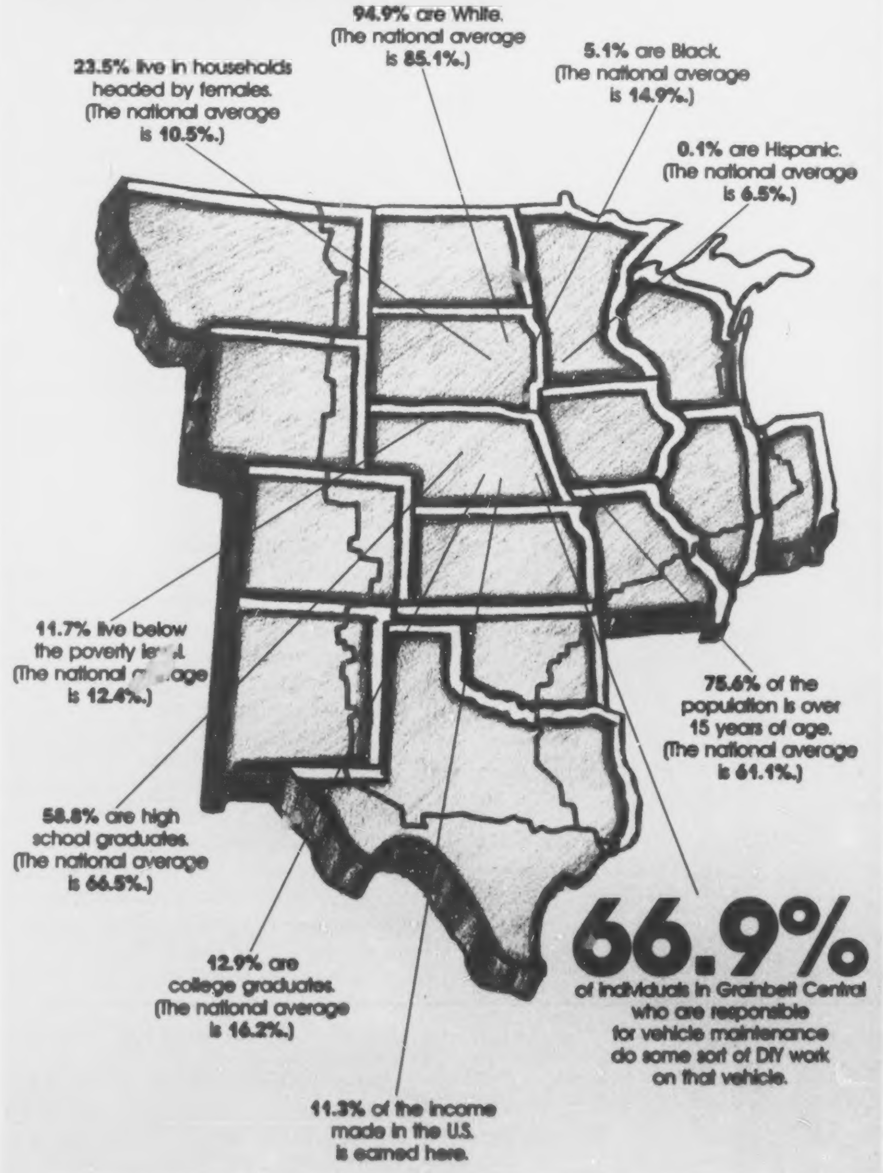
This is not to say that the people are not friendly or helpful; far from it. For example, Keillor writes, "St. Paul was a place where I believed that if I knocked on the nearest door a woman would open it and when I said, 'I feel bad. Can I talk to you?' she'd say, 'Sure, come on in.' "

Weather's An Important Fact Of Life

The weather varies tremendously. Summers are hot, sometimes with overwhelming numbers of insects. Canadian winds bring down harsh Winters. Yet the people manage to not only survive, but thrive no matter what the weather. "There is no depression at twenty below," as Keillor notes.

Actually, this weather variation is good news for local automotive parts chains since it guarantees sales of both cold and hot weather products—batteries and chains as well as waxes and protectants. However, automotive retailers here note that cold weather generally depresses sales in the first quarter of every year, at least in the northern portions of Grainbelt Central. ■

Of The People In Grainbelt Central:


94.9% are White. (The national average is 85.1%.)
23.5% live in households headed by females. (The national average is 10.5%.)
5.1% are Black. (The national average is 14.9%.)
0.1% are Hispanic. (The national average is 6.5%.)
11.7% live below the poverty level. (The national average is 12.4%.)
75.6% of the population is over 15 years of age. (The national average is 61.1%.)
58.8% are high school graduates. (The national average is 66.5%.)
66.9% of individuals in Grainbelt Central who are responsible for vehicle maintenance do some sort of DIY work on that vehicle.
12.9% are college graduates. (The national average is 16.2%.)
11.3% of the income made in the U.S. is earned here.

In all, 66.9% – the highest percentage of any our marketing areas – of those who live in Grainbelt Central and are responsible for taking care of a motor vehicle do some of maintenance work themselves. Another 6.5% aren't actually responsible for maintaining a vehicle, yet also do-it-themselves.

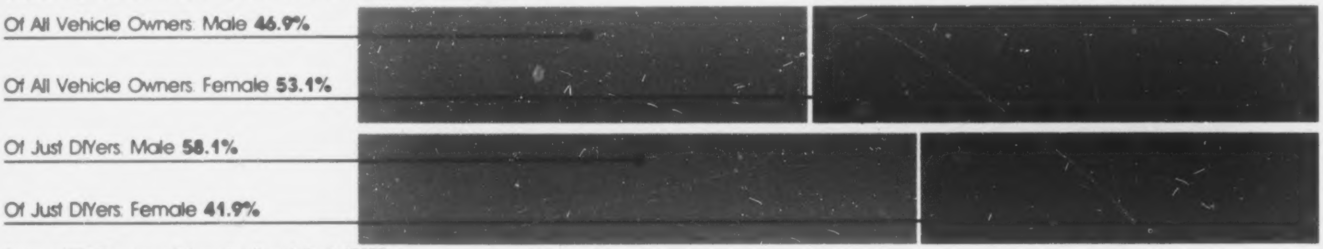
Some 6.3% of the Grainbelt Central DIYers we talked with shop for automotive parts, chemicals, and accessories about once a month. Another 5.5% shop twice a year, obviously for seasonal maintenance efforts, while 5.6% shop four times a year.

On the whole, Grainbelt Central DIYers have maintained the same automotive DIY work level, or even increased the level of work they do, over the past five years. In all, 83.7% of them told us this is the case. Over 22.6% of them expect the amount of automotive DIY work they do to increase in the future, as well.

When asked why they have increased

GRAINBELT CENTRAL: GENDER

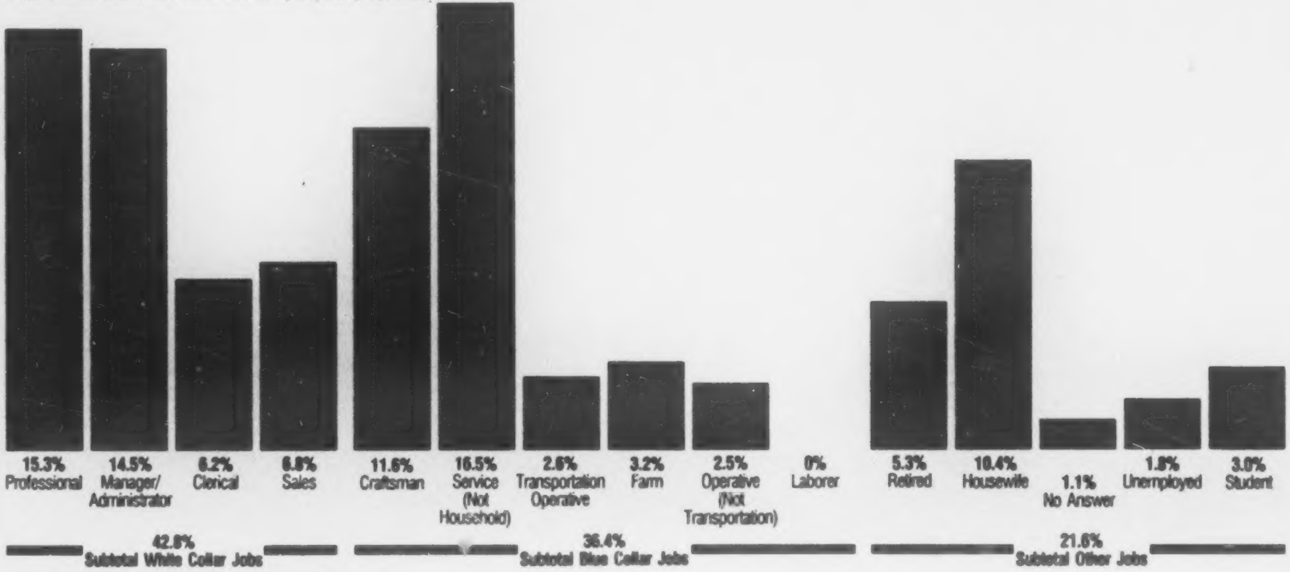
More women own vehicles, but more men do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

GRAINBELT CENTRAL: DIYERS & THEIR PROFESSIONS

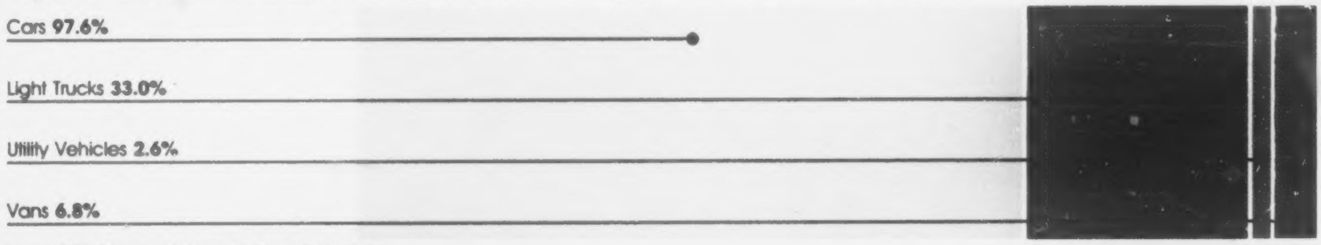
A higher number of farmers, students, service workers, and housewives in the area than in other areas has helped keep the growing white collar professions to less than half the employed population.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

GRAINBELT CENTRAL: DIYER VEHICLE TYPES

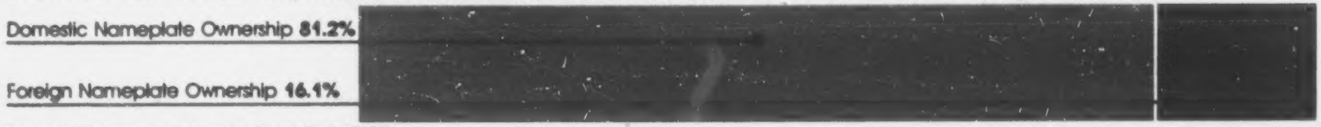
A light truck can be found in a third of the households in which a vehicle is owned and in which a DIYer lives.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

GRAINBELT CENTRAL: DIYERS & THE VEHICLES THEY OWN

Of Grainbelt Central DIYers, many more own a vehicle with a domestic nameplate than own a vehicle with a foreign nameplate.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding

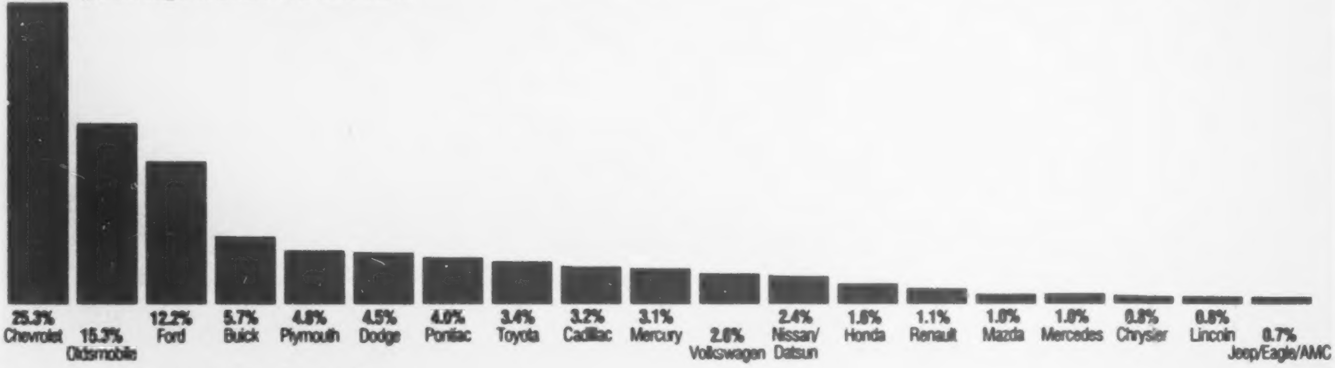
their work, 28.6% said it was because they had less money to spend on professional repairs. Another 20.6% cited increased confidence in their DIY skills as the reason for increasing DIY. According to our *Consumer Automotive Repair Study (CARS)*, 33.7% of all DIYers nationally gave this last reason for their increased DIY work.

DIYers increasing their work had other reasons for so doing, too. Of Grainbelt Central DIYers, 19.8% said they increased their DIY level because they enjoy it. Some 17.3% said they enjoy doing automotive DIY work a lot and 35.6% enjoy it "somewhat." The rest enjoy it "not too much" (34.6%) or "not at all" (12.6%).

What do they think they can do? The answer is not as much as the aftermarket retail industry would like. In all, 51.4% said they could do only "some" DIY jobs, while only 21.2% said they could do "almost no" automotive DIY jobs. Otherwise, 26.3% said they could do "most jobs," while 1.1% said they could do just about any automotive DIY job. ■

GRAINBELT CENTRAL: DIYERS & THEIR VEHICLES

With a quarter of the DIYers owning Chevrolets, the grainbelt of America is also the heartbeat of America. Here's a list of the most popular makes and the percentage of DIYers who own them.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

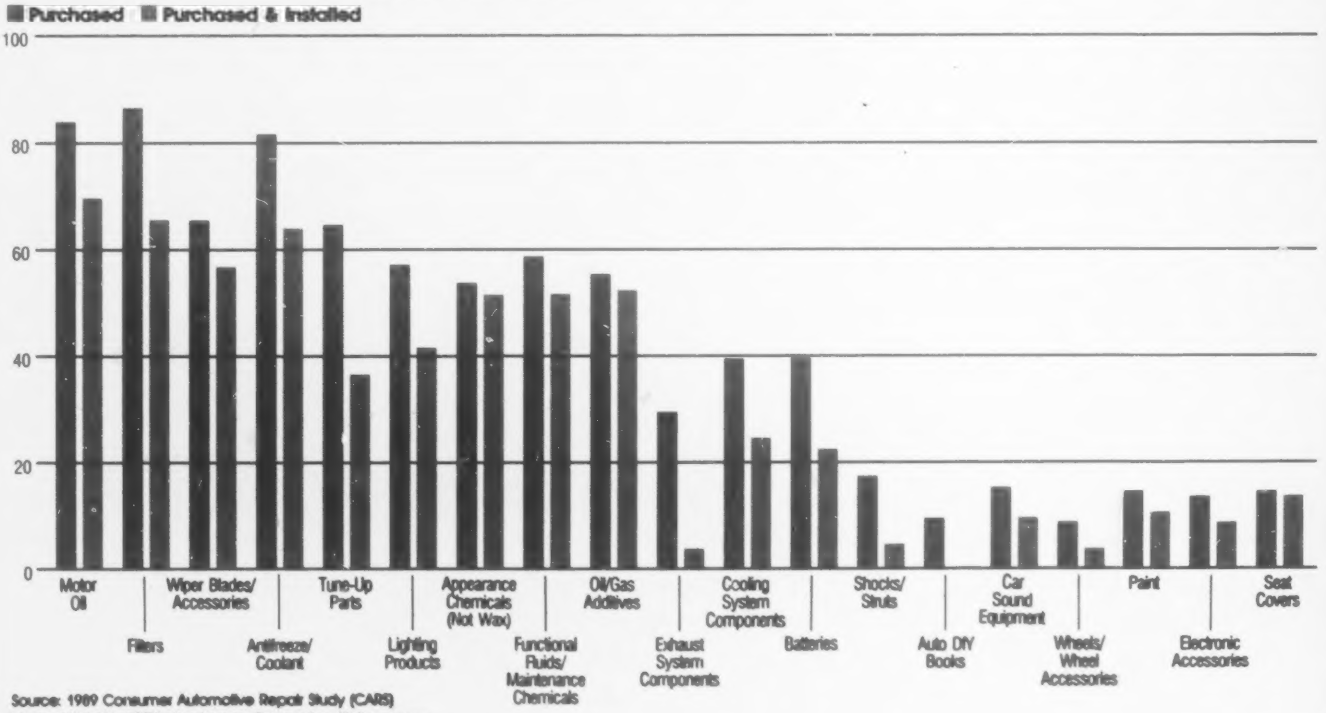
GRAINBELT CENTRAL: SHOPPING FREQUENCIES

Of Grainbelt Central DIYers, almost 20% of them shop for automotive products five or six times a year. Here are the three major shopping frequencies.

Source: 1989 Consumer Automotive Repair Study (CARS)
Does not total to 100% due to omitted responses

GRAINBELT CENTRAL: DIYERS & AUTOMOTIVE PRODUCTS

The easier the product is to install, the more DIYers do-it-themselves.



Source: 1989 Consumer Automotive Repair Study (CARS)
May not total to 100% due to rounding and multiple answers

OPERATIONS: GETTING THE MOST FROM YOUR BUSINESS

COMPUTERS & THE AFTERMARKET

We've discussed many uses for computerized operations systems. But just what are aftermarket retailers doing about them?

by P.R.N. Katcher, Research Editor

Not only have aftermarket retailers been talking about computerizing their operations, they've been doing so. The use of computers by aftermarket retailers has grown steadily in the latter half of the 1980s.

In June 1987, *Automotive Marketing* published the results of a survey of aftermarket retailers that found that 70% had installed computers in their businesses. This year, we went back to aftermarket retailers and found that 77% had installed computers to help them with one aspect or another of their businesses.

When we separated volume retailers, defined as those doing 50% or more of their business across the counters to DIYers, from jobber/retailers, we found, to our surprise, that 79.1% of jobber/retailers had computerized at least some functions, compared to only 74.1% of volume retailers.

Joy In Computerville

Generally, users seem happy with their computerized systems. In all, 43.2% said their computers have worked out better than expected. However, retailers seem more pleased with their computerized systems than jobber/retailers. Of retailers, 46.5% said their computers worked better than expected, while only 38.7% of jobber/retailers said so.

Those who felt that their computerized operations systems performed better than expected had a number of different reasons. Thomas M. Ingram, president, Ingram Auto Parts Inc., Winston-Salem, NC, said his system "paid for itself through the reduction of inventory the very first year."

Marvin L. Harris, president, Windsor Auto Parts Inc., Windsor, CO, said he found an advantage with computerized, standardized bookkeeping and easy-to-read reports. "Our customers can read their statements easier. We had an audit and our daily and monthly reports helped a lot in satisfying the auditor."

Most other computer users with whom we spoke felt their systems' real benefits lay in inventory control, forecasting, price changes and control, and quick, useful management information.

About 42% of all retailers, both retailers and jobber/retailers, found their computers performed just about exactly as they expected they would, no better, no worse.

Is Everybody Happy?

That is not to say that everyone is delighted with the computer system they finally installed. Industry wide, some 15% of retailers feel their computer systems haven't performed as well as expected. In all, jobber/retailers seem to be more dissatisfied with their computer systems, with 19.4% reporting that that was the case. Of volume retailers, only 11.6% feel their computer systems haven't performed up to expectations.

Among those who haven't been overwhelmed by their computer systems operations, Ray Downing, president, Ray's Auto Supply, Seneca, KS, said his system "was not designed for this business. Generic software just doesn't do everything you would like it to do."

John Davidson, president, Family Tire Center Inc., Marion, OH, said his "original system did not have enough capacity. We had to clear customer vehicle history files earlier than desired to maintain basic operations." To cure this problem, Davidson reported, "We are upgrading to a 70 megabyte system in 1989."

Other users mentioned other problems. Training was Harris' major concern. "It may be available," he said, "but most people can't take the time for structured training. Area meetings with other computerized store owners would help in an exchange of ideas on what each does on a daily basis." Another retailer told us that when computers fail "employees cannot function. They rely too much" on computers. Others mention reliable inventory control, equipment updates, programming errors, updates, system security, and cost as computer system problems.

What They're Doing With Computers

Generally, volume retailers tend to get a bit more out of their computers than do jobber/retailers. The average retailer gets five major functions from his computer, while the average jobber/retailer gets only four.

The vast majority of those who sell retail in the aftermarket, and use computers, depend on them for inventory control. In all, 88.7% of those we surveyed said inventory control was one of their major computer functions. Inventory control use was slightly higher with retailers, at 92.3%, compared to 84.4% of jobber/retailers doing inventory control with computers.

About three quarters of all computerized retailers, both pure retailers and jobber/retailers, in the aftermarket do at least some automatic ordering with their computers. However, jobber/retailers do more billing via computer than volume retailers (78.1% of jobber/retailers vs

COMPUTERS & THE AFTERMARKET

56.4% of retailers); something that's not surprising considering the actual amount of billing volume retailers do.

How about all those buzzword phrases that those in the computer industry are fond of tossing around? Phrases like LANS (Local Area Network Systems), EFT (Electronic Fund Transfer), and EDI (Electronic Date Interchange)? Are they being implemented in the aftermarket?

The basic answer is no. These functions just haven't reached the aftermarket in any big way yet. Of the retailers and jobber/retailers we spoke with, only 2.8% use EFT, another 2.8% use EDI, and only 1.4% have a LANS. All of the retailer that were, however, into buzzword systems like these were volume retailers rather than jobber/retailers.

POS, UPC Use Grows

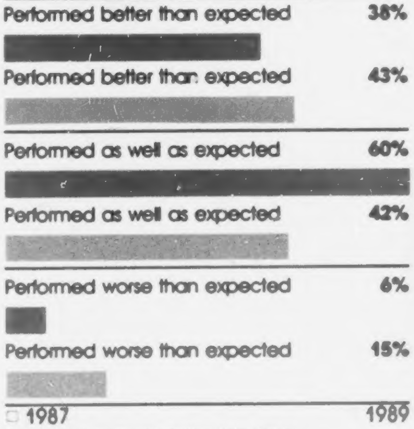
In 1987, 40% of those we surveyed used a point-of-sale (POS) system in their stores. Today, the number of POS system users among all retailers and jobber/retailers has climbed to 45.6%. Of computerized retailers and jobber/retailers, 85.5% have POS systems in their stores. In all, 88.2% of computerized retailers have POS systems, while 81% of jobber/retailers use such systems.

This year, too, we asked computerized aftermarket retailers about their use of bar codes in any of their operations, from distribution centers to selling floors. In all, 26.8% use bar codes in some aspect of their operations, some in the distribution centers only and some throughout their stores. When it comes to bar codes, retailers are far ahead of jobber/retailers in their acceptance of this technology. In all, 38.2% of retailers use bar codes, while only 9.1% of jobber/retailers use bar codes.

There has been some industry-wide debate about which bar code system is best. As yet, there are no national aftermarket standards on bar codes. Instead, a number of systems have been developed and accepted as standard by different companies and associations. However, users seem to have developed their own standards. Every retailer or jobber/retailer with whom we spoke who uses bar codes used the UPC (Universal Product Code) system, rather than systems like Code 39 (also called 3 of 9).

HOW COMPUTERS PERFORM FOR AFTERMARKET RETAILERS

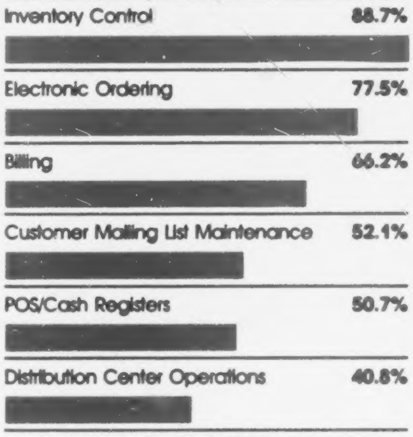
In 1987, and again in 1989, we asked retailers who had computerized how their systems performed for them.



Source: *Automotive Marketing Retail Panel*

WHAT THEY DO WITH THEIR COMPUTER SYSTEMS

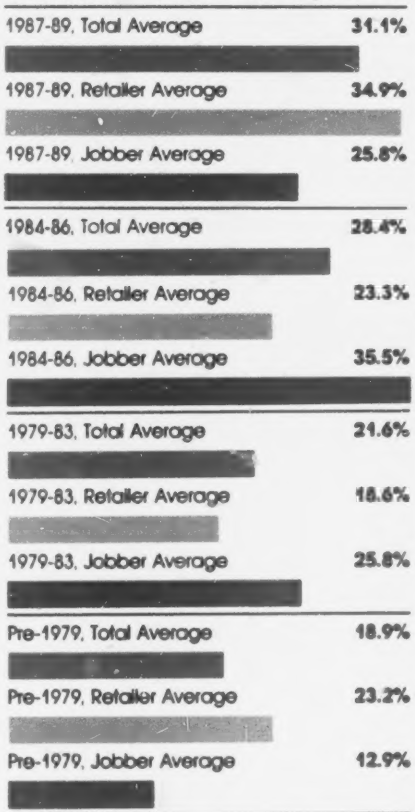
This year, we asked retailers who had computerized what tasks they used their computers for. Here's what they told us:



Source: *Automotive Marketing Retail Panel*

WHEN THEY INSTALLED THEIR COMPUTER SYSTEMS

We asked retailers and jobber/retailers who had computerized when they first installed their systems. Generally, jobber/retailers have had more years of computer experience than other retailers. Here's what they told us:



Source: *Automotive Marketing Retail Panel*

What Hardware Is Used?

There have been hardware changes, too. In 1987, we found that 17 different hardware brands were used by various aftermarket retailers. We also found that 37% used Triad systems, the most popular, while IBM trailed along at 13%.

Today, things are more complicated. In all, 25 different hardware brands were mentioned by auto parts stores. Of them, IBM was mentioned the most, with 24.3% of all surveyed using "Big Blue" equipment, while 21.8% use Triad systems. Interestingly, when we separated volume retailers from jobber/retailers, we found that 31.8% of volume retailers used IBM equipment while only 13.6% used Triad equipment, which many volume retailers consider to be a traditional market system. The opposite was true when we looked at jobber/retailers. Of them, 32.4% used Triad systems, while 14.7% used IBM equipment.

Other big-name hardware used by the retailers we surveyed include Texas Instruments and Data General (used mostly by NAPA jobber/retailers), with 9% shares each. Digital Equipment, SASI, and NCR systems were used by 4.5% each of all volume retailers, although none of the jobber/retailers with whom we spoke used these companies' systems.

In all, the use of computers to guide retail aftermarket operations continues to grow in number of installations and tasks. ■

C2150-10

Chilton's
$3.50

AUTOMOTIVE MARKETING

The Marketing Business Magazine For The Retail Aftermarket
SEPTEMBER 1989

SEEKING HELP

FOR THE RETAIL AFTERMARKET

What Can The Aftermarket Do About The Employee Shortage? Several Ways To Overcome The Problem

The Big Chill: Will Fall/Winter Sales Be Cool, Or "Cool"?

Market Line: A Look At The Oil Filter Market's Big Players

New! See *AM's* Exclusive *Popular Mechanics* Insert: Product Previews

Chilton's

AUTOMOTIVE MARKETING

a Chilton publication

September Issue Volume 18, Number 10

EDITORIAL STAFF
FAX (215) 964-4273

Rosemarie Kitchin,
Associate Publisher/Editor-In-Chief
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

P. Royall Katcher,
Research Editor

John Wirebach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Tracey A. Higgins,
Editorial Intern

Jake J. Smith,
Creative Director

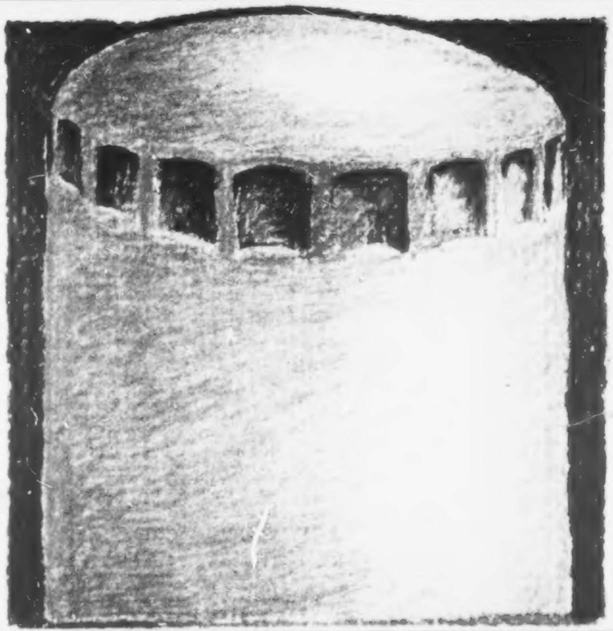
Janet Lee Taylor,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

CHILTON COMPANY,
ONE OF THE **ABC PUBLISHING COMPANIES,**
A PART OF **CAPITAL CITIES/ABC, INC.**
Publishing President, Robert G. Burton
825 Seventh Avenue
New York, NY 10019

Chilton Officers:
Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Publications, Douglas A. Robertson; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P. Kushnerick
Copyright 1989 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year, Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.



Who Are The Big Oil Filter Players? See Our First In A Series On Commodity Products In Market Line, Page 18

FEATURES

1989 Employment Survey: Is Good Help Hard To Find? 33
Aftermarket retailers tell us it is still hard to find good help. But, are they looking hard enough?

How To Be A Better Employer 38
Want better employees? Try being a better employer. Here's how to do it.

Fall/Winter Selling Guide: The Big Chill 42
What's ahead, cold sales or cold weather? The signs are mixed.

DEPARTMENTS

Detailing The Market 5
Editorial 17
Market Line 18
Retail Operations 48
Products 51
Rep Guide 53
Ad Index 56
Reader Service Card 57

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢).

PUBLISHER'S NOTES

WHAT'S IN STORE?

Life would not be exciting or challenging if we knew all things in advance.

But, *AM* brings you a glimpse of the near future for a key industry event – the coming Fall/Winter selling season. What will it hold for the automotive retailer? How will the economy and the weather, both unpredictable, affect the market? Research Editor Phil Katcher's article analyzes the variables and reports what retailers expect.

The employee supply is another uncertainty facing us. Managing Editor Gail Krueger-Nicholson and Editorial Intern Tracey A. Higgins surveyed *AM's* Retail Panel to determine their hiring practices, and their views of the employee situation.

Contributing Editor David A. Evans advises employers anxious to improve their service bay employee situation to be a better employer. He offers some practical suggestions on just how to do it. The tips also work for other employees.

Have you heard about, and seen, *AM's* new exclusive *consumer* publication PRODUCT PREVIEWS? It's polybagged with this issue! It's a first for our market, and it reaches more than two million consumers through the October issue of *Popular Mechanics*. Count on *AM*—the innovative market leader! ■

Sarah J. Frankson
Group Publisher

DETAILING THE MARKET

IN-STORE FOCUS

Twin "B" Auto Parts Inc.
Headquarters: 528 S. Military Hwy., Virginia Beach, VA 23464. (804) 420-3342.
Stores: 29
Total Corp. Sales: $15,000,000 (est.)
Average SKUs: 13,000
Founded: 1974

One night in 1974, two longtime friends, still in their early 20s, decided to go into business together. Bill O'Connor, age 24, had been working at Sears for five years. His buddy Bob Graham did inventory control and warehouse work at Chesapeake Auto, a traditional jobber in southeastern Virginia. The two friends, using their savings, home equity, and a $40,000 90 day bank note, purchased Besso's Auto Parts, a one-store business in Portsmouth, VA. It was a dream come true – and then reality set in.

"We felt there was a lot of potential in the retail business for this store," explained O'Connor. "The parts counter couldn't have been more than 10' away from the door; everything else in the store was unpriced, in the back. The second time I ever walked into the store, I started running it. It was 1974, the worst year of my life."

With a lot determination, and a constant renewal of their bank note, the partners made the business work. "We felt there was a big market for the DIYer, because nobody was selling that segment at the time in our area," O'Connor said.

The store had been renamed Twin B after the initials of the two partners, Bob and Bill. In June 1975, exactly a year to the day after purchasing the first store, the partners opened another Twin B outlet in Norfolk, VA. And they kept on growing at the rate of three stores a year until the early 1980s.

As O'Connor explained it, they were growing so fast, they had no time to stop and take stock of the business or plan for any possible pitfalls that might lie ahead.

"In 1980, we joined two other guys and formed a warehouse," O'Connor said. "We were doing a great deal of business in accessories, and none of the traditional warehouses were attuned to that segment of the auto aftermarket. The warehouse, named Four Star, really helped us expand, because we were able to buy a little better, and control our distribution. Then in 1983, we purchased a controlling interest in Delmarva, a six-store traditional auto parts chain. They owned United Warehouse Distributors, also in Virginia Beach, and we bought this also. That immediately put us into the big time as far as warehousing goes.

"We were trying to be everything to everybody," continued O'Connor. "Our Twin B stores, our bread and butter, were becoming step children."

Things started to fall apart. As the economy tightened, it became harder to remain profitable and control all the different arms of the business successfully. "We had lost focus on what we did well," O'Connor frankly admitted.

In 1984, things came to a head. The partners closed some stores, moved the warehouse, cut the inventory to bare bones, and divested themselves of the trucking division and the Delmarva business. They went back to their strictly retail Twin B operations.

A business rift between the partners caused Graham to leave the business in 1987. O'Connor now owns a majority of the stock; a financial institution has a minority interest.

O'Connor had to make some very tough business decisions.

GRAND OPENING
AUTO PARTS
Castrol GTX

Bill O'Connor

"We had been the biggest fish in a small pond for a long time," he explained. "We had gotten complacent. Then the major competition hit. Advance, out of Roanoke, VA, moved in. They opened eight stores in one year in our area; now they have 14. They had a plan, a mission. We did not. We knew we wanted to provide good courteous service. But that idea got lost as we developed tiers of management.

"The business wasn't feeling well. I had to take steps. Last year, I closed four stores. That's something my ego would never have let us do before. We put up a big sign – 'Open by Mistake.' We had opened five new stores last year, and closed four of them. But we have 29 stores today, and we're healthy."

O'Connor attributes that health to operations manager Roger Weber, who had been with the company nine years, first as a store manager, then as an area manager. "But his true talents for people motivation and organization were not yet recognized," O'Connor said. "Weber was promoted to operations manager and along with Fred DeLaCruz, our chief financial officer, helped us to come into the 1990s."

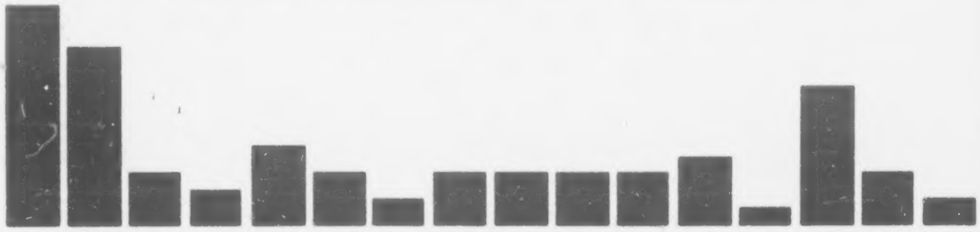
O'Connor describes Twin B this way, "We have a lot of 'onesies' in our stores. We're straddling the fence between the traditional jobber and the DIY retailer. Probably 60% of our dollar inventory is in hard parts. We are also heavy in chemicals and oil, and accessories. We feel we're real competitive on price points, and we've got aggressive advertising. And we'll replace anything that's brought back. This has worked; we rarely have customers abuse this policy. Who wants an unhappy customer, whether it's over a $2 part or a $200 part? We provide our customers with a wide selection of quality auto parts, and accessories and chemicals, at fair prices, with convenient neighborhood locations. We provide friendly, reliable service.

"We're doing much better," O'Connor added. "We've still got a little bit of adjustment to do, but it's much easier coming to work on Monday mornings now."

PROFILE: BOOK/MANUAL BUYERS

Drawing from the 1989 *Automotive Marketing Consumer Automotive Repair Study,* we look at DIYers who purchased and installed wipers during the year prior to the study.

			Age					Income				Hours Per Month Spent On DIY			
Total	Male	Female	-25	25-34	35-44	45-54	55 +	-$20K	$20-30K	$30-40K	+40K	-1 Hrs	1-5 Hrs	6-10 Hrs	11 + Hrs
100.0%	81.1%	18.9%	12.9%	36.4%	22.4%	11.1%	16.9%	23.8%	23.5%	17.4%	31.2%	7.8%	63.1%	18.4%	10.7%



DETAIL

6%

of adults purchased an auto security system for their most recently purchased vehicle in 1988, up from 4% who had done so in 1984, according to Media Mark Research.

MARKET LINE

Facet And Fram Continue To Dominate The Oil Filter Market

About 300-310 million oil filters are sold annually for cars and light trucks. The price tag is slightly more than $1 billion retail. The filter market is growing at about 1-3% annually and breaks down to roughly half DIY and half professionally installed. Private labels and national brands share sales about evenly.

Five national suppliers account for more than 90% of all filter sales:

- Facet Automotive Filter Co./Purolator, Tulsa, OK.
- Fram Div./Allied Aftermarket Div., Allied-Signal, East Providence, RI.
- AC-Delco/GM Service Parts Operation, Detroit.
- Wix Filters (part of Dana Corp.), Gastonia, NC.
- Champion Labs, Albion, IL.

The Leaders

Because of the large percentage of private label filters sold, consumer surveys do not accurately reflect the market shares of these suppliers.

For example, very few consumers would know what a Facet filter is, although some would recognize the Purolator brand name. Yet between Facet private label sales and Purolator brand sales, Facet/Purolator has about a 29%-33% market share, which makes it the largest single filter company.

Facet/Purolator is positioned well to benefit from market changes. Facet dominates the quick lube segment of the market. In fact, until very recently, Facet supplied Jiffy Lube, Minit-Lube and Valvoline Rapid Oil Change—the three largest quick lubes—with private label filters. However, when Pennzoil bought Facet/Purolator in 1988, Valvoline switched to Wix and Champion Labs for its private label.

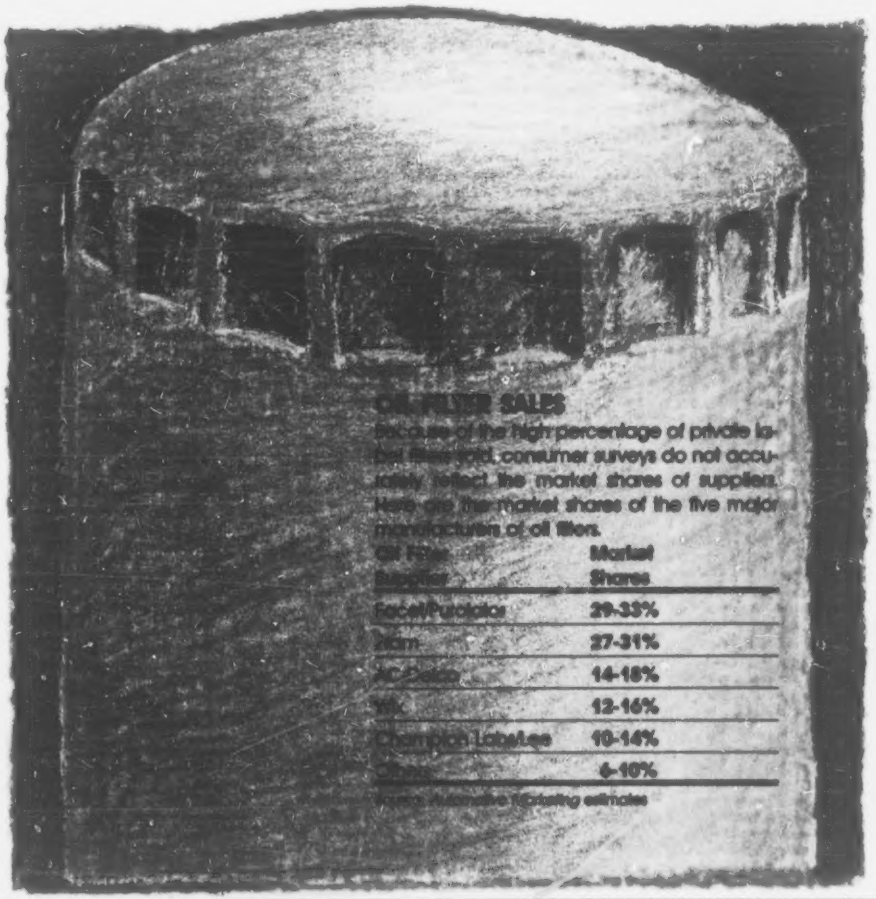
Starting from virtually nothing in 1980, quick lubes have secured about 10% of the total filter market in 1989. And while several quick lube chains have experienced financial troubles, the number of oil changes/filter replacements done at quick lubes continues to increase.

As one supplier put it, "The single most important factor impacting the oil filter market today is the quick lube market. Initially, it hurt the traditional service market, but now it's starting to be a real factor in DIY sales."

But selling quick lubes is a different ball game for filter suppliers. For one thing, since there are no appointments, when the customer drives in, the quick lube must have the correct filter or lose a sale. This means coverage. Since the quick lube has little storage space, the supplier must offer frequent deliveries in small quantities. In addition, the supplier can't charge a price comparable to a wagon jobber.

Facet was one of the first filter suppliers to the quick lubes and benefits from its knowledge of the market. It probably sells well over half of all quick lube installed filters. However, competitors note, as other filter suppliers look to the quick lubes market, and the market fragments a bit, Facet's share might erode.

Facet is also strong in retail through both private label and Purolator brand sales. Pennzoil's deep pockets could help push Purolator harder in the retail/jobber end. But the company's real strength is in private labels. Facet/Purolator dis-



OIL FILTER SALES

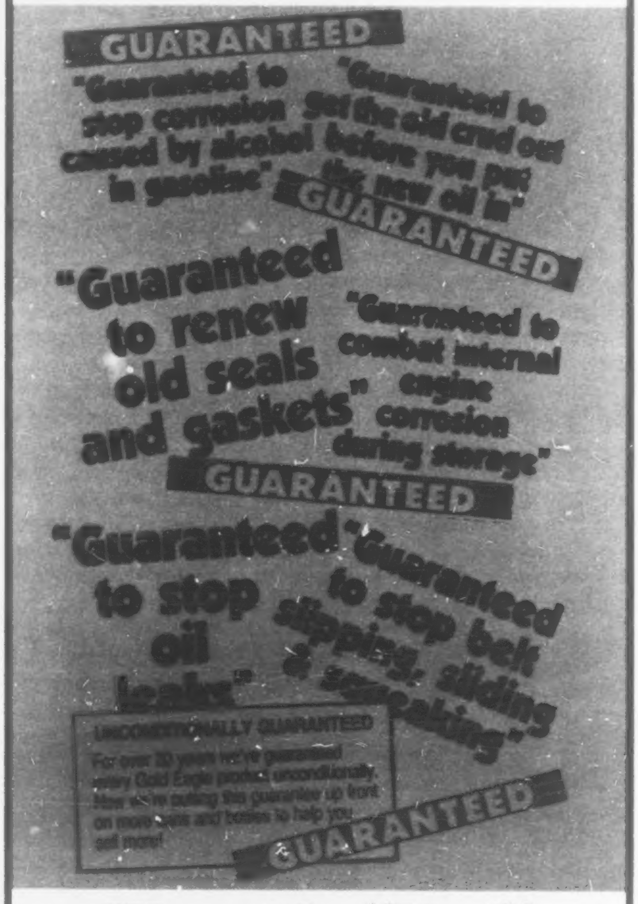
Because of the high percentage of private label filters sold, consumer surveys do not accurately reflect the market shares of suppliers. Here are the market shares of the five major manufacturers of oil filters.

Oil Filter Supplier	Market Shares
Facet/Purolator	29-33%
Fram	27-31%
AC-Delco	14-18%
Wix	12-16%
Champion Labs/Lee	10-14%
Others	6-10%

Source: Automotive Marketing estimates

GOLD EAGLE

You said, *"Guarantee it up front."*


GUARANTEED
"Guaranteed to stop corrosion caused by alcohol in gasoline"
"Guaranteed to get the old crud out before you put the new oil in"
GUARANTEED
"Guaranteed to renew old seals and gaskets"
"Guaranteed to combat internal engine corrosion during storage"
GUARANTEED
"Guaranteed to stop oil leaks"
"Guaranteed to stop belt slipping, sliding & squeaking"
UNCONDITIONALLY GUARANTEED
For over 20 years we've guaranteed every Gold Eagle product unconditionally. Now we're putting this guarantee up front on more cans and boxes to help you sell more!
GUARANTEED

We said, *"Yes!"*

Gold Eagle's "Money-Back Guarantee" is the strongest guarantee in aftermarket merchandising! And because it's working so well, you asked that we display it as prominently as possible. So wherever we can, we're putting the guarantee right up front on virtually all our products. Together with our "Talking Labels," it is the industry's most powerful one-two sales punch!

GOLD EAGLE®
The driving force in technology
4400 S. Kildare • Chicago, IL 60632 • 1-800-FOR-EAGLE

See us at SEMA Booth #1949.
(Circle 12 on Product Information Card)

MARKET LINE

placed Champion Labs at K mart and displaced Wix at Sears (Facet also makes Champion Spark Plug brand filters which is Sears' first branded filter) in the past year to lock up both those retailers' private labels. The company also has a share of the Motorcraft business.

Close To The Top

We put Fram at 27%-31% of the market, just a shade behind Facet/Purolator. Fram has the best brand awareness among consumers. The company is concentrated almost entirely in the retail segment, selling branded filters through auto chains and discount stores.

Although retailers account for about 40% of filters sold, it also means that retail problems are Fram problems. For one thing, profits are thin in retail sales. Skimming auto chain ads suggests that any consumer who pays more than $3 for an oil filter just isn't trying very hard. In fact, with rebates, we saw oil filters selling as low as 69-cents, and one supplier claimed a Miami chain was offering filters at a sale price, with rebate, of zero. "It's an addiction," one supplier admitted. "It's a self-perpetuating problem. One company gets more share with a big sale, and everybody responds."

Another said, "It's very depressing to know the engineering and manufacturing that go into an oil filter and see it priced at $2. It's very difficult to compete."

The DIY Filter Market

All filter suppliers expect a decline in the DIY market. The only debate is whether the decline will be severe or slight. Believers in a severe DIY decline point to demographics, car complexity, convenience, and perhaps most important, increased government regulation of waste oil disposal as factors that force customers away from DIY and to the installer, particularly the quick lubes.

Those who see only a slight drop suggest that the convenience offered by quick lubes may not be as important a factor as some people think. "The typical DIYer is less affluent, is used to doing his own work, and usually has more than one car," said one supplier. "The convenience may be there, but it still costs $25 a car. For two or three cars that's a lot of money every four to five months."

Finally, there is parts proliferation. "It used to be," one supplier noted, "that the top ten numbers were 90% of sales. Now the top ten aren't even 60%." The number of oil filters needed for 80% coverage has grown to about 35-40 SKUs.

MARKET LINE

In addition, retail auto chains want to expand filter coverage. "The positioning of the auto chains now is," one supplier said, "to advertise that whatever filter you want, we have or can get within 24 hours. They want to cover 100% of the models, not 80%. They're trying to dispel the attitude that retailers only handle the most popular numbers. Partly, it's because they have to compete with the retail jobber in hard parts. Partly, they want to differentiate themselves from stores like K mart."

THE OIL FILTERS CONSUMERS KNOW

Here are the leading consumer brands of oil filters as measured by Mediamark, New York.

Oil Filter Brands	% Of Market Spring, 1989
Fram	27.7%
AC-Delco	12.3%
Motorcraft	9.2%
Pennzoil	9.1%
K mart	7.7%
Quaker State	6.3%
Purolator	5.0%
NAPA	3.2%
Sears	2.7%
Lee	1.8%

Source: Mediamark, New York. *Automotive Marketing estimates.*

And, coverage is getting harder. Traditionally, there were only two oil filter sizes: 3" and 3 5/8". But several of the newest import cars use a 2 5/8" oil filter. Suppliers currently source many import car filters overseas, but they all acknowledge the need to tool up and produce them domestically.

"The bad thing," said a supplier, "is that the Japanese are definitely going to use the downsized filter more and more. And, because of low volume and tooling up costs, these filters will cost about $4.99 when we start producing them. The problem is, DIYers look at the filter and it's damn small. It doesn't seem right to pay a premium price. And you can't retrofit the car with a bigger filter."

Expanded filter lines mean retailers must stock more branded products. Logically, a supplier like Fram should benefit. But as competitors are quick to point out, Fram already has the lion's share of retail business. Fram has gone about as far as it can go in retail sales.

A Supplier [illegible] The Middle

The number three supplier, AC-Delco, has about 14%-16% of the filter market.

GOLD EAGLE

You said, *"Give us products that sell themselves."*

GOLD EAGLE
SPRAY
UND
COA
GOLD EAGLE
FUEL INJECTION CLEANER
GOLD EAGLE
GOLD EAGLE
GAS TREATMENT
GOLD EAGLE
PENETRANT/ LUBRICANT
GOLD EAGLE
GAS TREATMENT

We said, *"Yes!"*

"Talking Labels" is working so well that it's now the most successful new labeling concept in aftermarket merchandising.

At Gold Eagle, we care what you say. So when you told us you want more "Talking Labels," we put them on virtually all of our products, wherever possible, to help them "self-sell" even more for you!

GOLD EAGLE®

The driving force in technology

4400 S. Kildare • Chicago, IL 60632 • 1-800-FOR-EAGLE

(Circle 13 on Product Information Card)

See us at SEMA Booth #1949.

AC has brand awarness almost as strong as Fram thanks to General Chuck Yeager's TV commercials. The company spends about $4.5 million to push the product. In addition, there are some 60 million GM vehicles on the road, which make up a nice replacement market. With the GM connection, AC-Delco gets sales in all parts of the market, including the growing quick lube market. And, GM's move to increase its dealers share of the oil change market with its quick lube program can only help AC-Delco. Still, competitors say, the company has a job to do convincing people to use AC-Delco filters in non-GM cars and trucks.

But AC is the one company other suppliers worry about. AC has a lot of filter capacity and there are rumors that AC will offer private labels. But, as one supplier said, "Private labels are an awful lot of problems. The price points are not that favorable anymore. And if you have a strong brand in the market like AC, you may just trade sales, and trade down in revenue. I don't see it happening."

AC is a tough rebate competitor, offering $1.25 this Spring. Competitors said AC had done a fantastic job at K mart, and is pitching the major quick lubes for more brand sales.

Just as Fram dominates the retail market and Facet the quick lube market, Wix dominates the traditional market. Wix has about 12%-16% of the total filter market, the great majority of it from the WD, jobber, installer channel. While quick lubes are getting most of the attention, the traditional channel still accounts for about 35% of the filter market. The majority of traditional sales are wholesale to service stations and garages. Most suppliers expect this segment to increase slightly as installed sales go up. But the gain in wholesale may be offset by a drop in DIY sales by jobbers.

Wix sells private label filters to major programmed distributors such as NAPA, Big A, and Carquest, and branded filters to almost every major WD. To serve the traditional market, Wix has the longest line among filter suppliers (over 2,000 part numbers), and is very strong in heavy duty filters. In addition, a competitor noted, "They're slow and deliberate. They're not just opening lines. The company puts a lot of manpower in the field to push the line for WDs."

Several weaknesses are apparent to competitors. For one thing, Wix chooses not to play the discounting game. Thus, they've locked themselves out of retail sales. Competitors, who also forecast a sales gain from installer sales, are taking aim at Wix's hold on the traditional market. One said, "When you think about it, jobbers are competing with the same product. It's a pick and stick program, just paste-on labels. All three groups (NAPA, Big A, Carquest) have identical lines. You have to ask, will Wix be able to keep all those balls in the air?"

The smallest of the major suppliers is Champion Labs, with about a 10%-14% market share. Champion private labels for several major customers, sells Lee branded filters, and Champ and Ace, two secondary brands mainly sold through traditional installers.

Champion has also gained some interesting customers. The first is a new filter marketer, Security Filters, Richmond, VA, which started business this Spring. It will sell exclusively to quick lubes. John Goetschius, who previously ran Jiffy Lube's Heritage Merchandising, which sold filters and other merchandise to Jiffy Lube franchises, heads the firm.

The second is First Brands' STP, Danbury, CT. First Brands bought four quick lubes in Atlanta, and is building four more in Charlotte, NC. The company plans to build or buy several hundred quick lubes in the next couple of years. The STP Service Plus centers will sell STP oil filters (supplied by Champion Labs) and Sun motor oil. They will also offer Prestone flush and fill, and in some locations, automotive detailing. This will put First Brands (STP, Prestone antifreeze/coolant, Simoniz Wax) in competition with other oil marketers such as Pennzoil/Jiffy Lube, Quaker State Minit Lube, Valvoline Rapid Oil Change, and Texaco Oil Express.

Whether these new Champion Lab customers will help Champion sales remains to be seen.

Finally, we should note that imports have had little impact on the filter market (except at import OE dealers) simply because there's little price or quality difference. But foreign filter suppliers are moving to the U.S. to serve the transplant OE car makers. Tennex, Murfreesboro, TN (a subsidiary of Tsuchiya Mfg., Saitama, Japan), is supplying the Nissan plant in Smyrna, TN. Although strictly OE now, filter suppliers feel Tennex may soon sell to the aftermarket.

For oil filters, the key items to watch are whether quick lubes continue to open stores at a rapid rate, whether car dealers will secure any appreciable amount of new filter business, and whether more states regulate or curtail the disposal of waste oil, which will hurt DIY sales. ■

Model 4806

The Versa-Bench®
by Kennedy TOOL BOXES CHESTS ROLLER CABINETS WORK BENCHES
Work Benches That Work

Choose from four 60" models or two 48" models.
Available in smooth tan finish.
Some styles available in smooth red finish.

MADE IN USA

Call your local
Kennedy distributor
or (419) 238-2442, Ext. 9116

(Circle 15 on Product Information Card)

1989 EMPLOYMENT SURVEY:

IS GOOD HELP HARD TO FIND?

by **Gail Krueger-Nicholson**,
Managing Editor & **Tracey A. Higgins**,
Editorial Intern

Good aftermarket employees are hard to find. Whenever retailers look to fill openings in their stores for sales clerks, stock room helpers, countermen, or assistant managers, they say that their choices for potential employees are few and, for the most part, unsatisfactory.

This is not news, however. In 1988, *Automotive Marketing* took a detailed look at employment in the aftermarket and conducted a survey of its Retail Panel members. At that time, 71% of the Panel said good employees were hard to find. This year, we repeated the survey and found that 66% still feel the same way.

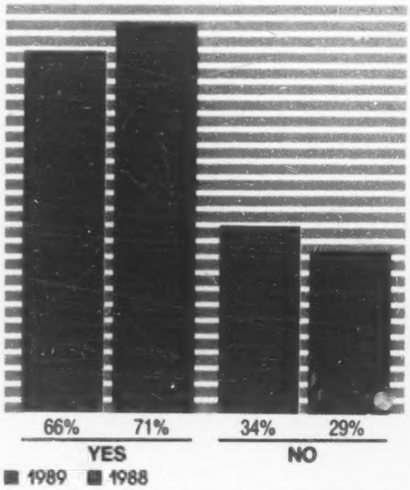
The news that our 1989 survey did uncover, however, is disturbing.

We found that despite concern about the quality of employees available to the aftermarket, hiring practices have not improved. In fact, in some ways, the aftermarket employers who replied to our 1989 survey seem less careful about how they hire and whom they hire than they did last year.

And, despite the fact that most Panel members agree that they "get what they pay for," they are still less able (or less willing) to pay competitive wages in 1989 than they were in 1988.

Some retailers tell us they are less selective because the pool of potential entry level employees has shrunk to a puddle in their areas. Others tell us that profits are being squeezed so hard that they simply cannot afford to hire the best employees possible. These retailers stay up nights worrying about keeping the good employ-

We asked our Retail Panel: "Do you have trouble hiring good, skilled sales clerks, stock room helpers, countermen, and assistant managers to work in your store?"



Source: 1989 & 1988 *Automotive Marketing* Retail Panel

HOW MANY EMPLOYEES?

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers work in your store?"

	1989	1988
Stores With 1 to 2 Employees	11%	16
Stores With 3 to 5 Employees	28	35
Stores With 6 to 9 Employees	25	33
Stores With 10 Or More Employees	26	16

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

HOW MANY FULL-TIME?

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers work in your store full-time?"

	1989	1988
Stores With 0 Full-Time Employees	0%	5
Stores With 1 to 2 Full-Time Employees	33	22
Stores With 3 to 4 Full-Time Employees	27	30
Stores With 5 to 6 Full-Time Employees	16	20
Stores With 7 to 9 Full-Time Employees	11	9
Stores With 10 Or More Full-Time Employees	12	7

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

■ 1989 ■ 1988

HOW MANY MEN?

We asked our Retail Panel: "How many of the sales clerks, stock room helpers, countermen, and assistant managers who work in your store are men?"

	1989	1988
Stores With 0 Male Employees	2%	4
Stores With 1 Male Employee	8	14
Stores With 2 to 3 Male Employees	29	21
Stores With 4 to 6 Male Employees	24	43
Stores With 7 To 9 Male Employees	20	9
Stores With 10 Or More Male Employees	17	9

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

HOW MANY WOMEN?

We asked our Retail Panel: "How many of the sales clerks, stock room helpers, countermen, and assistant managers who work in your store are women?"

	1989	1988
Stores With 0 Female Employees	27%	26
Stores With 1 Female Employee	32	31
Stores With 2 to 3 Female Employees	25	33
Stores With 4 To 9 Female Employees	12	5
Stores With 10 Or More Female Employees	3	4

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

HOW MANY MINORITIES?

We asked our Retail Panel: "How many of the sales clerks, stock room helpers, countermen, and assistant managers who work in your store are Black, Hispanic, or some other minority?"

	1989	1988
Stores With 0 Minority Employees	72%	71
Stores With 1 Minority Employee	5	7
Stores With 2 To 9 Minority Employees	18	10
Stores With 10 Or More Minority Employees	2	3

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

HOW MANY DID THEY HIRE?

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers did you hire last year?"

	1989	1988
Stores That Hired 0 Employees	32%	35
Stores That Hired 1 Employee	17	19
Stores That Hired 2 Employees	19	15
Stores That Hired 3 Employees	6	9
Stores That Hired 4, 5, Or 6 Employees	10	9
Stores That Hired 7, 8, Or 9 Employees	8	1
Stores That Hired 10 Or More Employees	5*	9*

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
* In general, these were new store start-up.
Percentages may not total to 100% due to rounding and/or multiple answers.

ees they have, let alone hiring more.

These two factors—fewer good employees to chose from and fewer dollars to pay them with—have combined to produce a downward spiral in the quality level of aftermarket employees. To make it worse, this comes at a time when retailers face tough competition at all levels and cannot really afford to miss a beat on the sales floor or in the service bay.

Here, then, is a look at the state of employment in the aftermarket in 1989.

Who Works In The Stores

The Retail Panel members who replied to our 1989 employment survey tell us that most of the people who work in their stores as sales clerks, stock room helpers, countermen, or assistant managers are young white males with high school educations. Only a few stores employ women or minorities. Some 27% of the Panel members report that they employ no women, and 72% report that they employ no minorities.

What do employers think of employees? In some cases, not much. Complaints about current employees range from the inability to make change to the inability to diagnose an automotive problem.

"Good people are hard to find. Most young people are not interested in the good of the store, only in bettering themselves," Frank Johnson, Lacey Automotive Parts Co., Soledad, CA, said.

"We have found that high school grads

[illegible]

HOW MANY DO THEY PLAN TO HIRE?

We asked our Retail Panel: "How many sales clerks, stock room helpers, countermen, and assistant managers do you plan to hire this year?"

	1989	1988
Stores That Plan To Hire 0 Employees	32%	46
Stores That Plan To Hire 1 Employee	25	15
Stores That Plan To Hire 2 Employees	16	21
Stores That Plan To Hire 3 Employees	8	3
Stores That Plan To Hire 4 To 9 Employees	6	3
Stores That Plan To Hire 10 Or More	3	4

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

HOW DO THEY FIND NEW EMPLOYEES?

We asked our Retail Panel: "What do you do when you need to hire new sales clerks, stock room helpers, countermen, and assistant managers?"

	1989	1988
Put A Want Ad In The Local Paper	28%	44
Put A Help Wanted Sign In The Window	11	12
Get Referrals From Current Employees	32	65
Hire Relatives Of Current Employees	9	10
Recruit At Local High Schools And Vo-Tech Schools	16	47

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

■ 1989 ▨ 1988

HOW LONG DO THEY INTERVIEW?

We asked our Retail Panel: "How long do you take to interview potential new sales clerks, stock room helpers, countermen, and assistant managers?"

	1989	1988
More Than 1 Hour	2%	9
At Least 1 Hour	15	15
30 To 40 Minutes	29	21
15 To 30 Minutes	41	44
15 Minutes Or Less	12	12

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

WHAT JOB REQUIREMENTS DO THEY HAVE?

We asked our Retail Panel: "What requirements do you have when you hire new sales clerks, stock room helpers, countermen, and assistant managers?"

	1989	1988
Be At Least A High School Grad	37%	56
Be At Least A College Grad	0	0
Needs No Previous Experience	25	28
Needs At Least 1 Year's Experience In A Similar Job	19	24
Needs At Least 1 To 5 Year's Experience In a Similar Job	7	15

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

don't even know how to count change back to the customers. We need to get back to the basics. We teach them ourselves," Terry W. Maupin, a Western Auto associate in Alamogordo, NM, said.

And, James Roell, Roell Automotive Inc. of Alexandria, MO, said, "Young people don't, as a majority, seem to care as much or know as much about the vehicles as in past years."

Not everyone has a complaint, however. Art Badgley, of Art's Precision Automotive in Godfrey, IL, said his one employee has been with him 40 years and that he has no complaints. Badgley will be 70-years-old this Summer.

How They Are Hired

A majority of Panel members, 58%, said they intend to make at least one new hire this year, up from 46% last year.

DO THEY HAVE JOB DESCRIPTIONS?

We asked our Retail Panel: "Do you have, and give, written job descriptions to potential new sales clerks, stock room helpers, countermen, and assistant managers?"

	1989	1988
Always	20%	15
Sometimes	32	35
Never	45	47

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

DO THEY TEST?

We asked our Retail Panel: "Do you give the following tests to potential new sales clerks, stock room helpers, countermen, and assistant managers?"

	1989	1988
Aptitude Test	8%	12
Job Skills Test	17	18
Intelligence Test	8	10
Drug Usage Test	1	1
Lie Detector Test	1	5
No Tests	15	54

Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

DO THEY HAVE ON-THE-JOB TRAINING?

We asked our Retail Panel: "Do you give new new sales clerks, stock room helpers, countermen, and assistant managers any on the job training?" The answers of those who said yes ranged from complete company-sponsored programs to pairing up a new hire with an experienced worker.

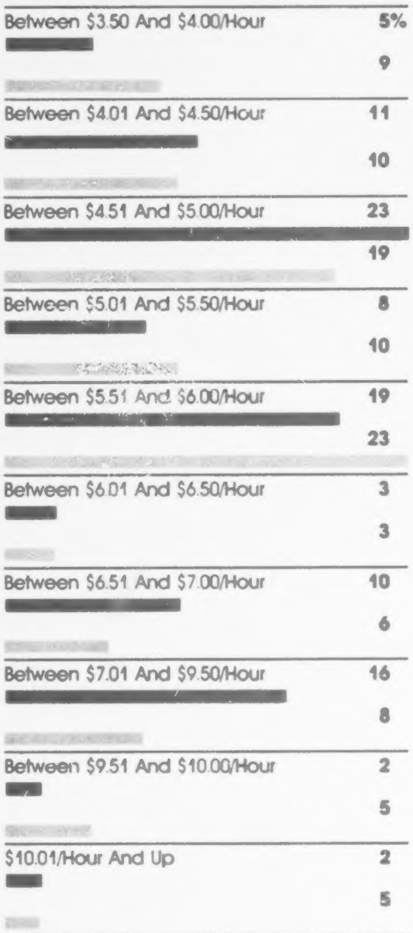
	1989	1988
Yes	83%	90
No	8	10

Source: 1989 & 1988 *Automotive Marketing* Retail Panel

[illegible]

HOW MUCH DO THEY MAKE?

We asked our Retail Panel: "What is the average wage of the sales clerks, stock room helpers, countermen, and assistant managers you now employ?"

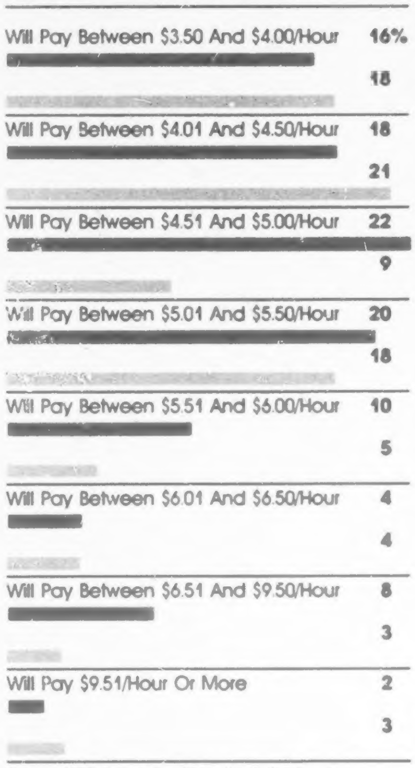


Source: 1989 & 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

■ 1989 ▨ 1988

HOW MUCH WILL EMPLOYEES MAKE AFTER SIX MONTHS?

We asked our Retail Panel: "What will the wage of the sales clerks, stock room helpers, countermen, and assistant managers you hire be after six months on the job?"



Source: 1988 *Automotive Marketing* Retail Panel
Percentages may not total to 100% due to rounding and/or multiple answers.

However, they are much less pro-active in hiring practices in 1989 than they were in 1988. For instance, fewer employers from our 1989 survey put ads in the newspaper or ask for referrals from other employees than in 1988. Perhaps most significantly, only 16% of employers in 1989 said they would recruit at local high schools and vo-tech schools vs. 47% who did so in 1988. Employers seem content to let potential employees find their own way to the parts store in 1989.

When and if potential employees knock on the retailer's door, they are less likely to be interviewed in depth, less likely to be given a written job description, and less likely to be given an aptitude or skills test in 1989 than they were in 1988.

In fact, employers seem to have generally lowered their requirements for employees. Only 37% of employers said they require potential employees to have a high school education in 1989, down from 56% in 1988. And in 1989, 19% said they required at least one year's experience in a similar job; 24% required that in 1988.

The reason for this? "The job market has expanded while the supply of eligible prospective employees has become smaller," is how William Langer, of Molin Auto Parts, Orchard Park, NY, put it."

In simple terms, employers are just taking whomever they can get.

There are exceptions, however. Howard L. Delius, a Western Auto associate from San Antonio, TX, said, "We take about 20 applications to get one person to interview. We talk to schools to get more applications in our field."

And Steve Pope, of O'Reilly Automotive, Springfield, MO, said, "The low unemployment rate, lack of training programs specific to our industry, and a low average wage for our industry can mean employment problems. However, we train district managers to be on constant lookout for good employees. We work with local vo-tech school and colleges to meet our needs."

The Problem Of Money

In 1989, as in 1988, the problem of finding and keeping good employees seems to be a matter of money. One unidentified employer told us simply, "I can't afford good help." Another added that there is not enough profit left in retailing to pay good people.

Other employers went into more detail about the problem. David Carter of Ken's Auto Parts, Mesquite, TX, said, "We don't pay enough and we work too many hours per week to get good employees."

Barbara J. Bishop of Oswego Auto Parts Inc., Oswego, NY, said, "We don't make enough profit to give the employees the amount of money they should have at today's expenses. Too many jobbers are price cutting; we are trying to buy better to give employees more money."

Maupin, the Western Auto associate from New Mexico, summed up the employment situation this way, "It seems we need to find better people but we cannot afford to pay the high wages needed. With competitors like K mart and Walmart, we have to pay like they do which is a minimum of $4 an hour. Then there are insurance and utilities, expenses which are up, and profits which are squeezed tighter and tighter. Let me know if you have any suggestions."

What Employers Can Do

While there are no easy solutions to the employment problem, we do have a few suggestions. Even a quick review of our 1989 survey reveals some places where employers could improve their chances of getting and keeping good employees.

First, employers should revive efforts to recruit at high schools and vo-tech schools. Those who do so, like Pope, of O'Reilly Automotive, have less trouble filling entry level jobs and keeping employees than other employers.

In addition, recruiting women and minorities—two groups of potential employees that the aftermarket has neglected—could also enlarge the pool of prospective aftermarket employees.

Second, despite the lack of potential candidates, employers should consider strengthening job requirements. As Sherman Titens, president of the Fromm Institute and strategic planning consultant for AWDA, Kansas City, MO, told us last year, "If the idea is just to fill a job, you will only get job fillers for employees."

Third, employers should consider ways to pay their good employees better. Experts recommend using bonuses and incentives as alternatives to pushing up the overall pay scale.

The *Automotive Marketing* Retail Panel said that labor is a major area of concern for retailers. In all, 60% agreed with the statement: "It's going to be harder to find good help in 1989 than it was in 1988." And unless things change, the percentage of retailers agreeing with that statement is likely to rise. ■

C2150-10

$3.50

Chilton's

AUTOMOTIVE MARKETING

The Marketing/Business Magazine For The Retail Aftermarket

OCTOBER 1989

PARTS
PRODUCT AFTERMARKET RETAIL TRADE STUDY

NEW! RESEARCH SYNDICATE REPORTS HOW PRODUCTS MOVE THROUGH THE RETAIL CHANNEL

AM'S TOP 100

- MARKET LINE: A LOOK AT THE MAJOR PLAYERS IN MOTOR OIL
- STATISTICS TO PLAN BY: AM'S SPECIAL STATISTICAL SECTION
- APAA SHOW REVISTED

*********MIXED CTY 20813
0107795257 6CN
BRENDAN MCNALLY 5
STATISTICAL REFERENCE SEP90
CONGRESSIONAL INFO SER.
4520 E. WEST HIGHWAY
BETHESDA MD 20814

Chilton's
AUTOMOTIVE MARKETING

a Chilton publication

October Issue/Volume 18, Number 11

EDITORIAL STAFF
FAX (215) 964-4273

Rosemarie Kitchin,
Associate Publisher/Editor-in-Chief
(215) 964-4395

Gail Krueger-Nicholson,
Managing Editor

P. Royall Kalcher,
Research Editor

John Wirebach,
Senior News & Feature Editor

Bonnie Lynne Shannon,
Editorial Assistant

Lorraine Evans,
Editorial Intern

Jake J. Smith,
Creative Director

Mike Trinsey,
Art Director

Sarah Frankson, Group Publisher
(215) 964-4390

CHILTON COMPANY,
ONE OF THE ABC PUBLISHING COMPANIES,
A PART OF CAPITAL CITIES/ABC, INC.
Publishing President, Robert G. Burton
825 Seventh Avenue
New York, NY 10019

Chilton Officers:
Gary Ingersoll, President; Senior Vice President Publications, Richard D. Bay; Senior Vice President Operations/Administration, Donald W. Chestnut; Senior Vice President Books/Research, Ronald A. Hoxter; Vice President Finance, Christopher M. Savine; Vice President Automotive Books, John P. Kushnerick

Copyright 1989 Chilton Company

AUTOMOTIVE MARKETING - ISSN 0193-3264. Published 13 times a year by Chilton Co., Chilton Way, Radnor, PA 19089. Chilton Co. is a division of American Broadcasting Companies Inc., New York, NY. Subscription prices (payable in advance) in the United States and U.S. possessions, $36 a year; Canada, $70 a year; Foreign, $70 a year. Single copies $3.50 each ($50 for the 13th issue) when available, U.S. only. SECOND CLASS postage paid at Wayne, PA 19087 and additional mailing offices. Postmaster, send Form 3579 to AUTOMOTIVE MARKETING, POB 2075, Radnor, PA 19089.

TOP ONEHUNDRED

FEATURES

PARTS:

The Product/Aftermarket Retail Trade Study 31
Automotive Marketing's first annual study of product movement and inventory sets aftermarket benchmarks.
- **Security** 34
- **Oil Filters** 36
- **Motor Oil** 38
- **Wax & Polish** 40
- **Protectants** 42
- **Batteries** [illegible]
- **Wipers** 46
- **Headlights** 48
- **Battery Chargers** 50
- **Hand Cleaners** 52
- **Front End Parts** 54
- **Body Repair Products** 56
- **Auxiliary Lighting Products** 58

***AM's* Top 100 Retailers** 61
The big retailers get bigger, and other retailers join this exclusive list.

***AM's* Statistical Section** 64
How's the aftermarket doing?
Some real answers from some real numbers

DEPARTMENTS

Detailing The Market 5
Editorial 16
Market Line 18
Retail Operations 66
Products 67
Rep Guide 69
Ad Index 72
Reader Service Card 73

Permission to photocopy for internal use or the internal use of specific clients is granted by Chilton Company for libraries and other users registered with the Copyright Clearance Center (CCC) provided that the base fee of $1.00 per copy of the article, plus 25¢ per page is paid directly to the CCC, 21 Congress Street, Salem MA 01970. Special requests should be addressed to The Editor. (0193-3264/88 $1.00 + 25¢).

PUBLISHER'S NOTES

RETAIL TRACKING

Here at *AM*, we hear the same concern over and over, "This industry has no good numbers!"

Count on *AM* to provide the best and most needed research. Now, with the help of 14 aftermarket suppliers who formed a research syndicate with us, *AM* has another means to provide you with data.

In this issue, we publish the results of our first PARTS (Product/Automotive Retail Trade Study) research. Here you can read about product movement, space devoted to products in retail outlets, inventory turns, and product margins. We welcome supplier queries about participation in future PARTS studies.

Another *AM* research project we're pleased with is our popular list of the Top 100 retail parts chains. This year, we added information about the chains' service bays.

In addition, our statistical section provides data for business planning for your aftermarket sales.

In Market Line, we look at the motor oil sales, including the effect of quick lubes on aftermarket oil sales.

I hope you'll find it all interesting, and useful, in your business. Let us know what else you want to read about in our pages! ■

Sarah J. Frankson
Group Publisher

MARKET LINE

COMMODITIES

Gaining Share Of The Motor Oil Market Is A Slippery Business

Motor oil is the Rodney Dangerfield of the automotive aftermarket. Even though some 700 million gallons sell annually at retail, according to the National Petroleum Refiners Association, Washington, DC, retailers and suppliers alike complain they can't make money selling oil.

At the Chicago APAA Show, a retailer moaned, "My oil sales were way up this year. Unfortunately." And several other retailers concurred.

For their part, quite a few suppliers whined about retailer demands; one said flatly, "It's not a happy relationship any more. It's not co-op anymore. It's 100% extortion. Retailers are going to kill the golden goose."

Another national sales manager said, "Retailers and manufacturers both have shot themselves in the foot. They've taken a technologically sophisticated product and, by discounting and rebating, undermined the image of the product, the strength of the category, and the brand."

This year, we heard a lot of talk about setting "realistic" pricing. One supplier said, "Twelve dollars a case wholesale would be great," but conceded he would settle for $10 or $11, a price most suppliers agreed with. But with five major brands, and close to a dozen would-be major brands, competing for the same shelf space, setting a price floor is not competitive. And it's not likely to last. At least one small retailer we spoke with came away with an $8.88/case deal with 5% co-op funds from two oil companies.

Several companies said they are firmly resolved to end rebating. "It's a difficult decision," one ad manager conceded. "We may lose business in the short term, but it will be good long term." Another said that losing a few points in market share might actually be better for the bottom line.

Still another ploy is to sell added value from improved additive packages. But as one major oil company's national accounts manager noted, "If trade discounts and giveaways get too deep, there's insufficient money for consumer ads. No one's ever done a good job of educating the public on added value. And no one's ever done a good job of differentiating their oil. Except Castrol," he added.

The Big Five

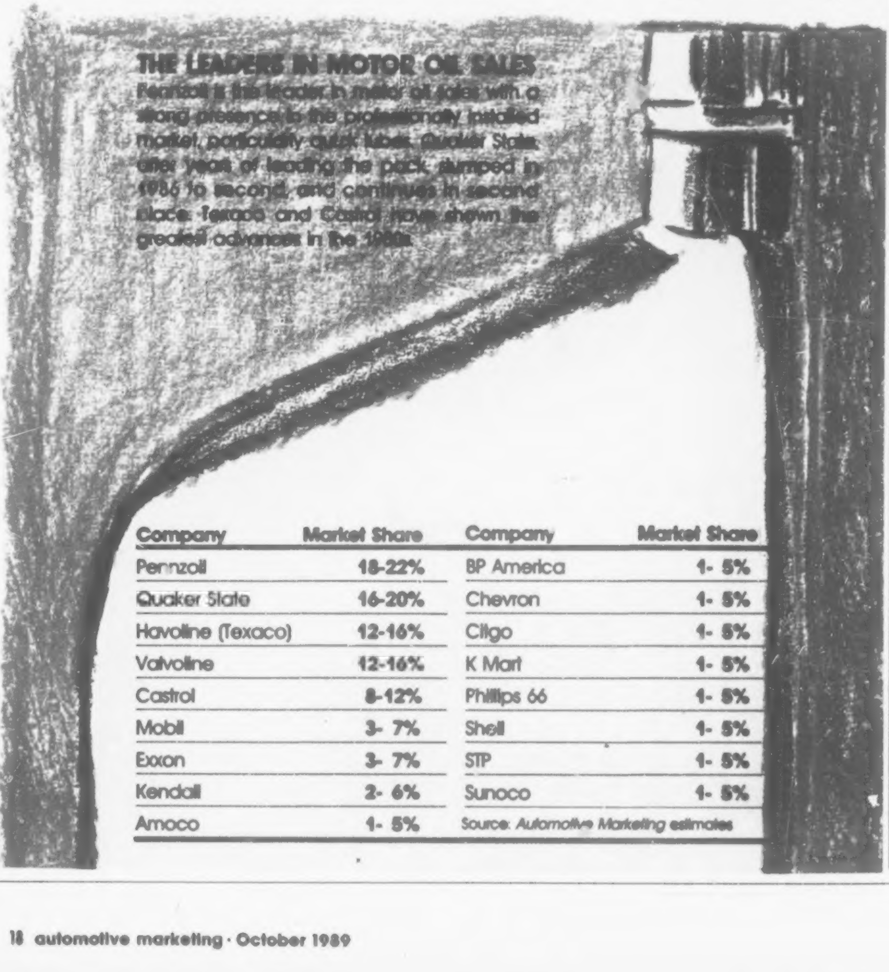
Five major brands dominate the retail oil market:

- Pennzoil Products Co., Houston
- Quaker State Corp., Oil City, PA
- Valvoline Oil Co., Lexington, KY
- Havoline (Texaco Lubricant Co.), Houston
- Castrol Inc., Wayne, NJ

These five, together with Kendall Refining (divison of Witco Chemical), Bradford, PA, are retail-oriented brands and bitter rivals. In addition to retailing oil, the companies control a large hunk of the quick lube market.

However, the retail market became more complicated in the 1980s with the entrance of the major integrated oil brands. By integrated, we mean companies that drill for, refine, and market oil, as opposed to the retail refiners, which simply refine and market. Many of the retail brands buy crude from the integrated companies.

Previously, the integrated companies



THE LEADERS IN MOTOR OIL SALES

Pennzoil is the leader in motor oil sales with a strong presence in the professionally installed market, particularly quick lubes. Quaker State, after years of leading the pack, slumped in 1986 to second, and continues in second place. Texaco and Castrol have shown the greatest advances in the 1980s.

Company	Market Share	Company	Market Share
Pennzoil	18-22%	BP America	1- 5%
Quaker State	16-20%	Chevron	1- 5%
Havoline (Texaco)	12-16%	Citgo	1- 5%
Valvoline	12-16%	K Mart	1- 5%
Castrol	8-12%	Phillips 66	1- 5%
Mobil	3- 7%	Shell	1- 5%
Exxon	3- 7%	STP	1- 5%
Kendall	2- 6%	Sunoco	1- 5%
Amoco	1- 5%		

Source: *Automotive Marketing* estimates mainly sold oil through their own gas stations. But the two oil shortages of the 1970s decimated the ranks of the full service gas stations. A national accounts manager described the change succinctly, "A few years ago we put our briefcases and a pile of order blanks in the car and went to learn about the retail oil market. We saw the service station oil sales going away. The amount of oil sold in service stations now can fit in a thimble. We presented retailers with the same kind of deal we gave our service stations.

"Retailers told us, 'Big deal.'

"So we put our briefcases back in the car, packed up the order blanks, and came back to the office and worked out some new numbers. We have to sell 5- to 10-cents under the retail brands. We have to make some major advertising/co-op commitments. We have to pay our dues."

A More Competitive Market

Thus, what was a highly competitive market became even more competitive when the deep pockets of integrated oil companies were added. In addition, technology in the form of smaller crankcases and better oils, and new quick lube operations taking away retail sales, ensured slower overall retail market growth. Without market growth, oil suppliers must steal market share from each other to grow sales.

How successful have the integrated companies been at gaining share? Well, according to Mediamark Research, New York, the big five retail brands *increased* their combined market shares from about 59% of the market to about 74% of the market between 1980 and 1988.

Although conceding that none of the integrated companies has made a real breakthrough in retail oil sales, the national retail manager for an integrated company said, "The key is patience and persistence. You don't build market share overnight. You do it with continual, consistent advertising. We're fighting a consumer perception built over a long period of time. I think we can still make our goals."

This said, it looks as though the integrated oil companies will continue to aggressively pursue the retail market. And while one company condemns another for "whoring the market," the accused company responds that they're just being "responsive to the needs of our customers."

None of the integrated companies has more than a 4-5% market share. Most are much lower. Right now Exxon Co. USA, Houston, and Sun Refining and Marketing, Philadelphia, are the most active. Others like Amoco Oil Co., Chicago; Citgo Petroleum, Tulsa; Mobil Oil Co., Fairfax, VA; Phillips 66 Co., Bartlesville, OK; and Shell Oil Co., Houston, have all made some inroads into the retail market.

This leaves the big five retail brands. Within the five, there have been some major changes. Pennzoil has replaced Quaker State as the number one brand in the last three years. Texaco and Castrol have both gained shares in the 1980s. We'll look at them one by one.

Pennzoil and Quaker State are the only two retail brands that are truly national. Until the 1980s, Pennzoil's market strength was west of the Mississippi while Quaker State was stronger east of the river. This is no longer true. But Havoline, Valvoline, and Castrol still have regional strengths. Texaco, for example, is very strong in the Southeast, while Valvoline is stronger in the center of the country.

Top Of The Heap

Pennzoil and Quaker State are at the top of the heap. All oil suppliers say

the only requested HIGH Performance window tint

The first really new window tint product in years. Best of all...it was requested by auto film users!

Gila conducted a survey among D.I.Yers and professional window tint installers. High performance with scratch resistance was the overwhelming demand followed by improved visibility up front without reducing solar control properties. And that's exactly what we can deliver to your stores. And more. Right now.

Gila's new product is the most functional film available. Scratch resistance? You bet. It meets Federal Abrasion Resistance Specification Z26.1.83. Solar control? Absolutely. It has maximum heat rejection properties and blocks 99% of damaging ultraviolet rays. Visibility? True innovation.

We've developed a window tint *system*. With twin unit packaging we offer a dark smoke SKU for rear and side windows accompanied by a top shaded SKU for the front side windows. In a word...everything that your customer asked for. And we guarantee it for your customers. In writing.

Marketing support? Outstanding. Gila is the national leader in auto tint. We sell more D.I.Y. tint than all of our competitors combined. And Gila's backup for your stores matches this lead. We want to give you complete details. Just give us a call.

1-800-528-4481

GILA RIVER PR

(Circle 13 on Product Information Card)
SERIES
LIFETIME WARRANTY
Designed For Both Front Side Windows
Designed For Rear and Side Windows
Wind
Wind

Pennzoil is number one with about 18-22% of the market while Quaker State is a few points lower at 16-20%. Competitors point out that Quaker State did not lose the lead, Pennzoil earned it with consistent advertising and promotions. Pennzoil also benefited from the growth in oil sales through quick lubes. The company practically invented the concept in the late 1970s. In 1988, Pennzoil bought up 80% of Jiffy Lube's stock which gives it control of over 1,000 Jiffy Lube franchises in addition to selling another 1,000 or so independent quick lubes.

While the market shares are close, Pennzoil is in better financial shape. Pennzoil revenues were $2.274 billion in 1988, more than twice Quaker State's $869 million. In profits, Pennzoil earned $118.3 million to Quaker State's $14.6 million in 1988. In addition, Quaker State is frequently mentioned as a takeover target and has been doing some retrenching.

But Pennzoil is not home free. Setting aside a $3 billion settlement of its suit against Texaco for tampering with Pennzoil's acquisition of Getty Oil, Pennzoil operated at a loss in 1988 (although the motor oil division made $110 million). And, although Pennzoil acquired the profitable Facet Filter Co., Tulsa, OK, in May, 1988 (Facet contributed $7 million to Pennzoil profits in 1988), it also absorbed 80% of Jiffy Lube's financial difficulties early this year.

Quaker State insiders say the company's primary goal is an acceptable return. "We're not going after market share or volume at any cost," said one insider. Quaker State is also a very viable force in the quick lube market. Quaker owns Minit Lube (about 425 outlets, sales of $59.3 million in 1988, the number two quick lube) and absorbed 65 McQuik out-

A LOOK AT THE BIG TWO

Pennzoil, Houston, and Quaker State, Oil City, PA, split about 40% of all motor oil sales, a situation that's existed for some time now. Although both own a few service stations (Pennzoil owns 543 and Quaker State 196), the vast majority of their oil sales are through retail outlets or quick lubes. In the 1980s, both companies moved into the quick lube market by buying a chain outright (Quaker State's Minit-Lube) or buying control of a chain (Pennzoil owns 80% of Jiffy Lube stock). Still, despite the similarities, the two motor oil leaders are very different in structure as a glance at parts of the financial reports show.

PENNZOIL
1988 Revenues (in millions):

Motor Oil & Automotive Products (Pennzoil, Gumout, Wolf's Head and others)	$1,312.2
Crude oil and natural gas sales	445.5
Sulphur sales	262.6
Filters (since May 25, 1988)	216.1
Other (Mainly Interest from Texaco payoff)	156.2
Internal oil sales	(118.7)
Total Revenues	**$2,273.9**
Pennzoil net income (loss)	**(187.6)**
Net income with $1,662.4 from Texaco payoff	$1,459.7
Operating income from motor oil	110.8
Operating income from Facet Filters	7.0

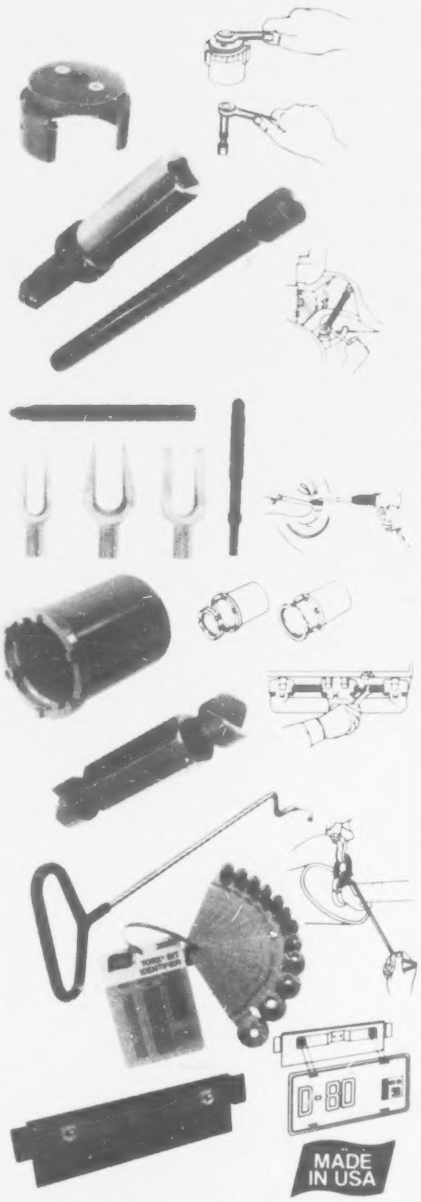
QUAKER STATE
1988 Revenues (in millions):

Motor oil sales	$562.0
Insurance and other business	138.4
Coal sales	109.4
Minit Lube sales	59.3
Total Revenues	**$869.1**
Quaker State net income	14.9
Operating income from motor oil sales	11.3
Operating income from Minit Lube	6.6

Source: Pennzoil and Quaker State Financial Reports

Lisle®

NEW TOOLS



63600 IMPORT CAR FILTER WRENCH
Fits the New 2½" Toyota Oil Filter

Removes all oil filters from 2½" to 3⅛" in diameter. Unique steel jaws grip filter without slipping.

22350 ADJUSTABLE EXTENSION
For ⅜" Drive Sockets

At last, a ratchet extension you can adjust. The range is adjustable from 2¾" to 3⅞".

61000 61100 INNER TIE ROD TOOLS
For Installing and Removing the Inner Tie Rod Without Removing the Rack from the Car.

Two sizes to fit most applications.

41500 PICKLE FORK KIT
For Separating Ball Joints, Tie Rods, Pitman Arms and Other Uses.

Six tools in one for exceptional versatility and value. Includes three forks and two handles; one for hammering, the other for use with an air hammer.

27400 COMBINATION 4WD WHEEL BEARING LOCK-NUT TOOL
For BOTH ½ Ton (4-slot) AND ¾-1 Ton (6-slot) 4WD Front Axles.

Two tools in one.

13000 EXHAUST MANIFOLD SPREADER
For Reinstalling the Manifold on Small Block Chevrolets.

A simple way to expand a warped manifold so all bolt holes are accurately aligned.

32100 EXHAUST "DOUGHNUT" STRETCHER
Removes and Installs Rubber Mounting Ring Style Hangers Found on Many Import Cars.

28350 TORX BIT & SOCKET IDENTIFIER
A complete set of Torx gauges will correctly identify the exact size of a Torx nut, bolt, or screw.

24600 MAGNETIC LICENSE PLATE HOLDER
The Perfect Way for New and Used Car Dealers to Mount Temporary Plates.

MADE IN USA

LISLE CORPORATION–CLARINDA, IOWA 51632
(712) 542-5101 FAX: (712) 542-3329

(Circle 14 on Product Information Card)

lets into Minit last year. In addition, Quaker State is the oil of choice at Grease Monkey (155 outlets), and supplies about 1,000 more independents. Pennzoil started early in the quick lube market but Quaker State has made up a lot of ground in the past five years. Better yet, Minit Lube produced $6.6 million in operating income in 1988. Since quick lubes represent a higher margin than store sales, Quaker State may well put an even greater effort into that market in the years ahead.

Just behind the two top guns come Valvoline and Texaco. Both enjoy market shares of about 12-16% and draw a lot of fire from competitors. Both are also divisions of larger companies. Valvoline's $571 million in oil sales represents only a small part of Ashland Oil's $8.3 billion in sales. Texaco, with sales of about $32 billion, does not even bother reporting motor oil sales in its financial statements. As one competitor said with only slight exaggeration, "Texaco tracks more crude oil in a day than we do in a year."

Texaco stands alone as the one integrated oil company with a significant share of the retail oil market. Asked why, a competitor said simply, "Money." An intangible mentioned was the fact that Texaco sells oil under the Havoline brand (which it acquired from the defunct Indian Refining Co. in the 1930s), and avoids a connection with the Texaco gas station brand. Interestingly enough, Exxon is using a similar strategy with Superflo brand oils rather than sell the Exxon name. Texaco spent $26 million in TV ads in 1988 to build consumer awareness of Havoline, more than twice the ad budget of any other retail brand.

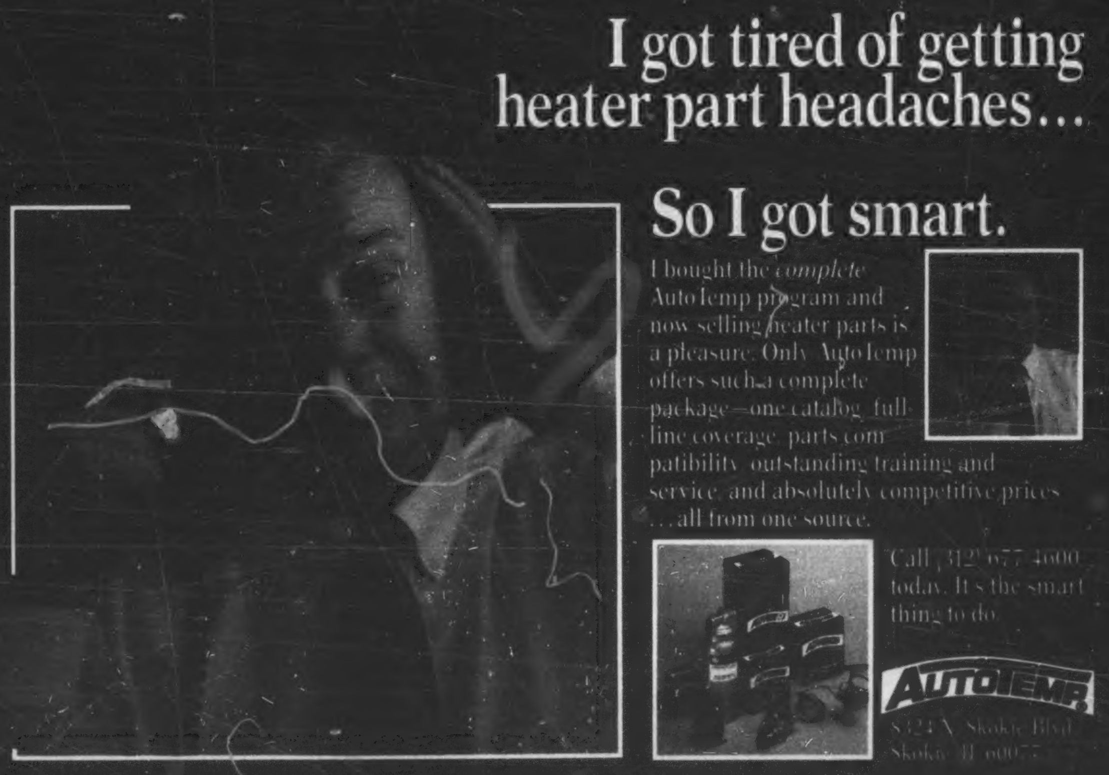
Valvoline has always been a steady number three or four. While competitors think Texaco may only be renting market share, Valvoline owns its share. Still, the company has some weaknesses. Operating profits from oil were down to $30 million from $48 million in 1987 due to costs for additive formula changes and low margins. Although no numbers were given, Valvoline Rapid Oil Change, with close to 200 outlets, operated at a loss in 1988. Valvoline strategy centers around getting profits up with less discounting.

The number five company is Castrol (owned by British Burmah Oil) with about 8-12% of the market. Out of 19 *Automotive Marketing* interviews with oil suppliers and retailers, the word "niche marketer" appeared in every one when discussing Castrol. The company pushed the idea of Castrol as specially designed for small engines throughout the 1980s. Castrol also sells oil to many foreign car dealerships which endorse the concept.

No Dramatic Change

No one expects any dramatic change in the oil market in the next year or two. It's a "repositioning year," according to suppliers. Profits and better pricing are the watchwords. One supplier said, "Maybe we can break the $1/quart barrier in the near future. That's the hurdle and ease up price compression."

And we might end with a comment from the owner of one repair shop. He said, "Since the specialists arrived, we've become sloppy. We let the oil changes go. Our mechanics don't like to do them anyway. It's dirty and they don't make money. But we not only lose oil and oil filter sales, but also air filters, wipers, little things like that. So we've added a 'While You Wait' service. Now we're back in the oil change business." ■



I got tired of getting heater part headaches...

So I got smart.

I bought the *complete* AutoTemp program and now selling heater parts is a pleasure. Only AutoTemp offers such a complete package—one catalog, full-line coverage, parts compatibility, outstanding training and service, and absolutely competitive prices ...all from one source.

Call (312) 677-4600 today. It's the smart thing to do.

AUTOTEMP

8324 N. Skokie Blvd.
Skokie, IL 60077

(Circle 15 on Product Information Card)

Automotive Marketing's first annual study of product movement and inventory sets aftermarket benchmarks.

by **P. Royall Katcher,** Research Editor; **John Wirebach,** Senior News & Features Editor; **Gail Krueger-Nicholson,** Managing Editor & **Lorraine Evans,** Editorial Intern

Products are the lifeblood of the aftermarket.

But too many retailers lack benchmarks with which to measure their product performances in terms of turns, gross margins, SKUs, and square footage of display space alloted to them. Hence, we present *Automotive Marketing's* first annual Product/Aftermarket Retail Trade Study (PARTS), the study that answers these basic ques-

P
A
R
T
S
PRODUCT
AFTERMARKET
RETAIL
TRADE
STUDY

PRODUCT
AFTERMARKET
RETAIL
TRADE
STUDY

tions and provides industry benchmarks.

The study's purpose was to provide as much specific information about major aftermarket product categories as possible, so retailers can gauge their own performances in these categories.

To do this, we turned to Chilton Research Services (CRS), one of the country's leading market research organizations. We provided CRS with a list of 4,000 top retailers—volume aftermarket retailers, jobber/retailers, grocery chains, discount and department store chains, and others—which handled automotive products.

CRS mailed a ten-page questionnaire to each one of these companies. A postcard reminder followed a couple of weeks later. Within a month, almost 400 companies returned completed questionnaires. After screening, and eliminating unusable replies, CRS was left with 305 useable responses. This became our data base.

The Respondents

Those who answered our questions hold jobs that enable them to have the information we requested. In all, 54% are company owners or presidents. Others, fewer than 10% each in each category, are buyers/purchasing agents, comptrollers/secretary-treasurers, directors, general managers, merchandising managers, sales managers, and vice presidents.

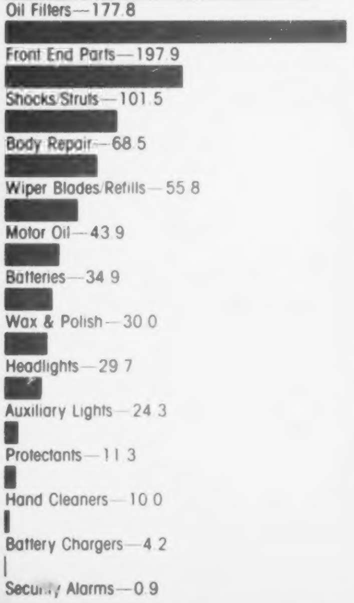
And, the companies they represent are a true cross section of the aftermarket. Volume retailers, companies selling 60% or more retail rather than wholesale, made up 43% of all respondents. By chain size, small chains, with three or fewer stores, made up 59% of respondents. Medium-sized chains, with three to 15 stores, made up 22% of respondents. Large chains, with more than 16 but fewer than 50 stores, made up 5% of all respondents. The remaining 15%—the megachains—had 51 or more stores.

The average chain that responded owned ten stores; this would seem typical for aftermarket retailing chains, according to information gathered for the annual *Automotive Marketing* Top 100 Retailers list (see this issue, page 61).

We organized the study results by different respondent categories. First, a category for chains with 60% or more of all their sales being retail rather than wholesale—volume retailers. Second, we compared chains

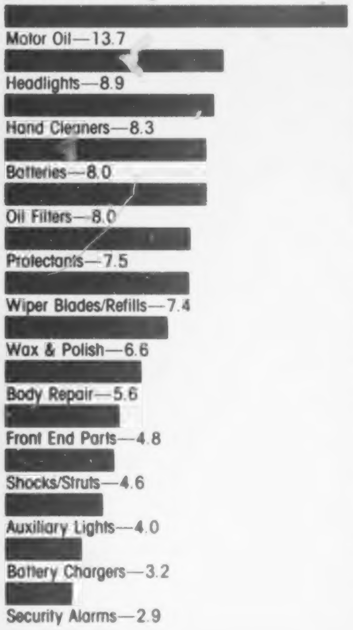
PRODUCTS BY SKUs

The SKU (Stock Keeping Unit) is the basic, individual product as differentiated by size, purpose, maker, package, or other product difference. The following products are listed by mean amount of SKUs stocked by all automotive product-stocking retail outlets.



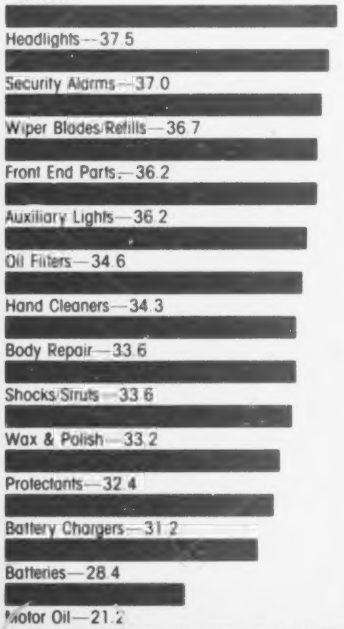
PRODUCTS BY TURNS

Turns are the number of times this individual product is sold annually. The following products are listed by the mean turns for all automotive product-stocking retail outlets.



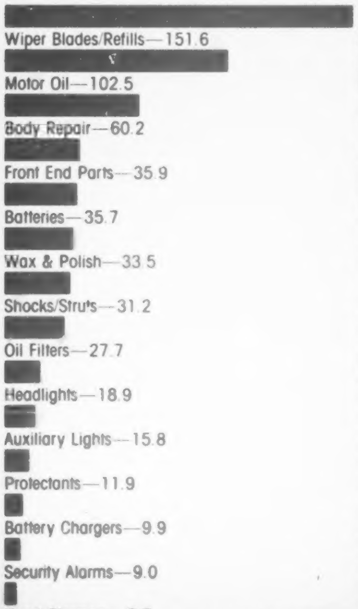
PRODUCTS BY GROSS MARGIN PERCENTAGE

Gross margin percentage is the total amount above cost the retailer charges. The following products are listed by the mean gross margin percentage indicated by all automotive product-stocking retail outlets.



PRODUCTS BY SQUARE FOOTAGE

Square footage of display space is the amount of square footage in the chain's average store given over to the individual product. The following products are listed by the mean square footage of display space in all automotive product-stocking retail outlets.



PRODUCT
AFTERMARKET
RETAIL
TRADE
STUDY

by size; small (three or fewer stores, medium (four to 15 stores), large (16 to 50 stores), and mega (51 or more stores). Then we divided chains by the average square footage in their stores; small (2,000 or fewer square feet), medium (two to 5,000 sq. ft.), and large (5,000 or more square feet).

We divided respondents by the total number of automotive SKUs they stocked. Chains reporting 4,999 or fewer automotive SKUs tend to be either very small stores or departments of general merchandise chains, with fast moving inventories of popular items. Chains reporting 5,000 to 13,999 automotive SKUs are typical aftermarket retail chains. Chains reporting 14,000 or more automotive SKUs tend to be jobber/retailers.

We also considered those chains that reported having service bays to be professional service providers. Before making the study, we believed that their stocking and selling patterns would be different than companies without professional service. Overall, we found that our belief was true.

Finally, we have provided a glossary with each product page to help you keep track of our respondent categories.

What We Found

On the whole, our study confirmed some basic facts about the aftermarket and the products sold through it:

- Chains with few SKUs of aftermarket products tend to have fewer SKUs in each product category, but have more turns and smaller gross margins.
- Bigger chains have fewer SKUs of individual products, on the average, than smaller chains.
- The more automotive SKUs the average store stocks, the more display space it allocates to automotive products.
- Service providers have generally higher margins on individual products than those chains without service.

So, here are some benchmark numbers from the aftermarket—numbers from big stores and little stores, numbers from chains with only a few stores and chains with many stores. You can use the numbers presented here, by product category, to compare how your operation does selling specific products to how the industry is doing as a whole. ■

PRODUCT AFTERMARKET RETAIL TRADE STUDY

SECURITY

Almost 20% of all retail chains report that they stock some sort of security products. As would be expected, the larger retailers stock a greater percentage of these high-margin products, with the mega chains being 30% more likely to stock security alarms than any other retailers.

SKUs

- Volume retailers stock, on average, one SKU of security alarms in their average store.
- Almost 20% of all retailers report that they stock security products. These retailers are primarily those with the largest square footage of display space and are the megachains.

Turns

- Retailers do, on average, three annual turns of security alarms in their average store.
- Among stores stocking security alarms, some 72% of small- and medium-sized chains report between two and four turns per year while 100% of large-sized chain retailers report two to four turns.
- The number of turns has little to do with the amount of SKUs of security products a store carries. Regardless of the amount of SKUs stocked, over 50% of all retailers selling security alarms report two to four turns per year.

Square Footage

- Some 65% of retailers report alloting between one and five square feet of display space to security alarms in their typical store.
- The greatest amount of square footage devoted to security alarms is almost 24 sq. ft. in medium-sized chain stores.
- The least amount is little more than three square feet and was reported by independently-owned jobbers. Next, alloting only five square feet of space, are those retailers with between 2,000 and 5,000 sq. ft. of automotive products.

Gross Margins

- Overall, retailers gross an average of 37% on security alarms.
- Undoubtably, because there are so few stores that carry security alarms, the margins can vary greatly. • By far the highest margin on security alarms is reported by discount auto stores at 50%. The lowest margin is reported by independent auto parts accessory chains at 31%.

Professional Services

- Retailers with service that sell security alarms report on average that they stock one SKU, have three turns annually, provide six square feet of display space, and have a gross margin of almost 36%. ■

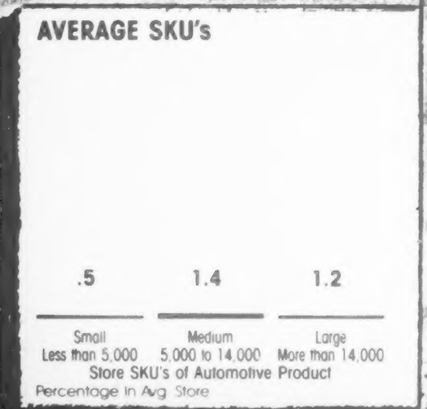
Glossary

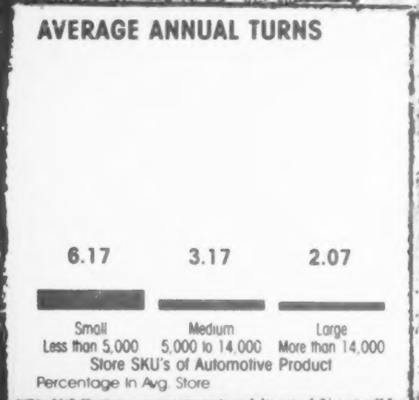
Volume Retailers: 60% or more DIY sales.

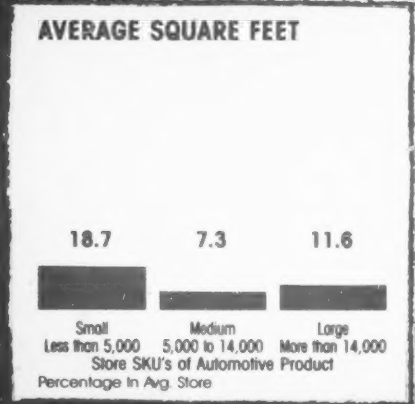
Chains:
Small = 3 or fewer stores.
Medium = 4 to 15 stores.
Large = 16 to 50 stores.
Mega = 51 or more stores.

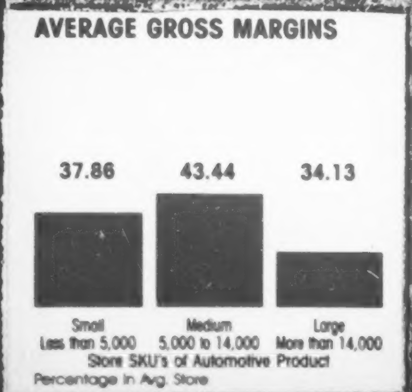
Stores by square footage:
Small = 2,000 or less square feet.
Medium = 2-5,000 square feet.
Large = More than 5,000 square feet.

Total SKUs:
Small = 4,999 or fewer total automotive SKUs.
Medium = 5,000-13,999 total automotive SKUs.
Large = 14,000 or more total automotive SKUs.



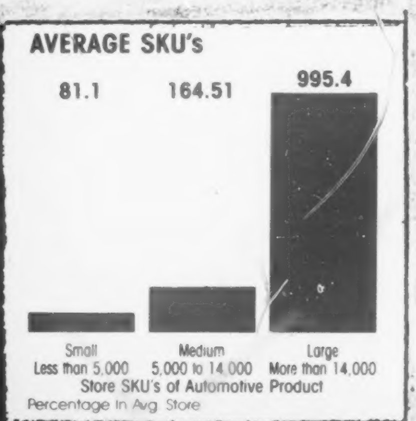


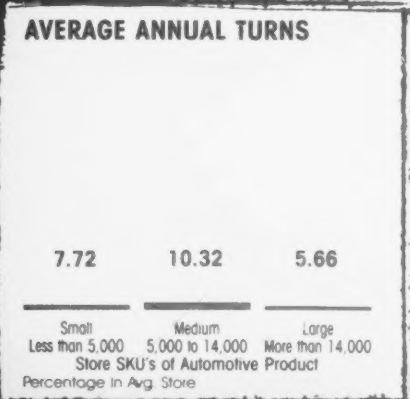


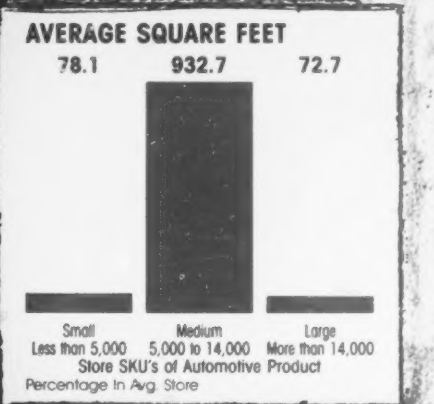


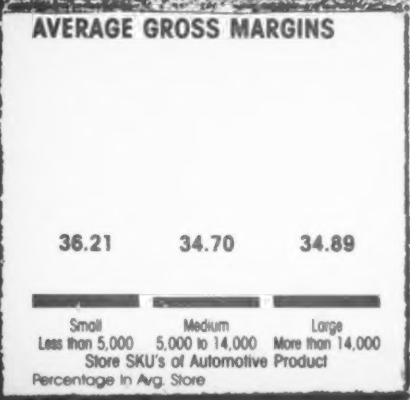
PRODUCT
AFTERMARKET
RETAIL
TRADE
STUDY

OIL FILTERS









Virtually every type of retailer that sells automotive products sells oil filters. Only 2% of all retailers report they don't stock oil filters. These stores apparently include stores which only devote a small amount of their inventory to automotive products, such as grocery and discount chains.

SKUs

- Almost half, 49%, of retailers stock over 90 SKUs of oil filters in their average store.
- Volume retailers stock an average of 114 oil filter SKUs.
- Retailers stocking under 5,000 automotive SKUs stock an average of 81 oil filter SKUs.
- Megachains stock an average of 115 oil filter SKUs.

Turns

- Retailers do, on average, eight annual turns of oil filters in their average store.
- The types of retailers which do better than average turns on oil filters are small chains, volume retailers, service providers, and chains which stock between 5,000 and 14,000 SKUs.
- Retailers making 60% or more of their total sales to DIYers do an average of nine turns, well above average.
- In all, 54% of chains with three or fewer stores do five or fewer turns of oil filters.

Square Footage

- Just under half, 43%, of retailers devote between 20 and 100 sq. ft. of display space to oil filters in their average store.
- Among chains with fewer than 2,000 sq. ft. devoted to automotive products, 42% devote 21 or more square feet to oil filters in their average store.
- Among chains with 2,000 to 5,000 sq. ft. devoted to automotive products, 51% allot between 31 and 300 sq. ft. to oil filters.
- Of chains with more than 5,000 sq. ft. devoted to automotive products, 52% allot between 30 and 500 sq. ft. to oil filters.

Gross Margins

- Overall, retailers gross an average margin of 35% on oil filters.
- No single type of chain, when organized by chain size, square footage, SKUs stocked, or volume retailers, does significantly better in terms of gross margins than any other type of chain when it comes to oil filters.

Professional Service

- Providers of professional service stock fewer oil filter SKUs than the average of 146 SKUs.
- Service providers do more turns of oil filters than average, ten vs. eight.
- Service providers devote an average of 94 sq. ft. of space to oil filters.
- The average gross margin on oil filters reported by service providers, 36%, is nearly the same as average, 35%. ■

Glossary

Volume Retailers. 60% or more DIY sales.

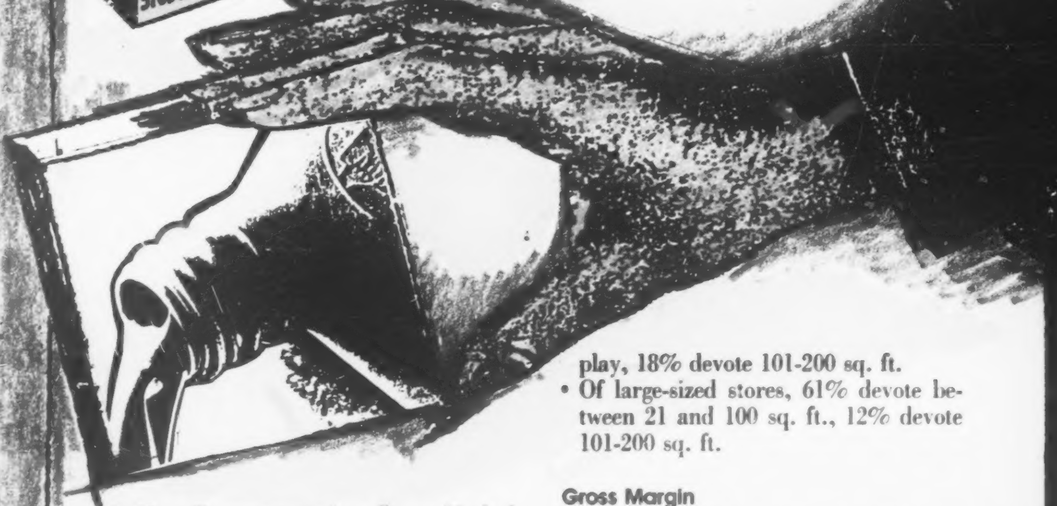
Chains:
Small = 3 or fewer stores.
Medium = 4 to 15 stores.
Large = 16 to 50 stores.
Mega = 51 or more stores.

Stores by square footage:
Small = 2,000 or less square feet.
Medium = 2,001-5,000 square feet.
Large = More than 5,000 square feet.

Total SKUs:
Small = 4,999 or fewer total automo
Medium = 5,000-13,999 total autom
[illegible] 14,000 or more total auto

PRODUCT
AFTERMARKET
RETAIL
TRADE
STUDY

MOTOR OIL.



Virtually everyone who sells any kind of automotive product – from megachains to small chains – sells motor oil. This must-sell product occupies shelf space – from two to 102 sq. ft. – and makes a profit for those who sell it – from 5% to 50% – at every level.

SKUs

- Retailers stock, on average, 44 SKUS of motor oil in their average store.
- Of small-sized chains, 65% carry between one and 20 SKUs of motor oil. The most common range for small chains is 21 to 30 SKUs at 10%
- Of medium-sized chains, 40% carry between one and 20 SKUs of motor oil. The most common range for medium chains is 21 to 40 SKUs carried by 35%.
- Of large chains, 36% carry between one and 20 SKUs of motor oil. The most common range of SKUs carried by large chains is 20 to 30 by 27%

Turns

- Retailers do, on average, 14 annual turns of motor oil in their average store.
- The highest numbers of turns done by small chains is 21 or more done by 11%.
- The highest numbers of turns done by medium chains is six done by 13%.
- The highest numbers of turns done by large chains is four done by 16%.

Square Footage

- Typically, 102 sq. ft of display space is devoted to motor oil in retailers' average stores.
- Of small-sized stores, 40% devote between two and 20 sq. ft. of display space to motor oil, 15% devote 101-200 sq. ft.
- Of medium-sized stores, 57% devote between 21 and 100 sq. ft. to motor oil display, 18% devote 101-200 sq. ft.
- Of large-sized stores, 61% devote between 21 and 100 sq. ft., 12% devote 101-200 sq. ft.

Gross Margin

- Overall, retailers gross an average margin of 21% on motor oil.
- Some 68% of small stores have a gross margin on motor oil of between 5% and 25%, while 5% get 51% or more.
- Some 84% of medium stores have a gross margin on motor oil between 5% and 25%, while 2% get 51% or more.
- Some 74% of large stores have a gross margin on motor oil between 5% and 25%.

Professional Service

- Of retailers who provide service, 59% carry between one and 20 SKUs of motor oil.
- Some 69% of service providers have between one and 15 turns on motor oil annually, 13% have 16 to 20 turns annually, and another 13% have 21 or more turns annually.
- Some 43% of stores with service bays devote between two and 20 sq. ft. of display space to motor oil.
- Some 64% of stores that provide service have a gross margin on motor oil of between 5% and 25%, 23% have between 26% and 50%, and 9% have 51% or greater gross margin. ■

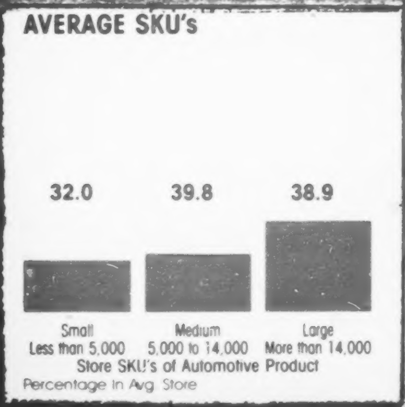
Glossary

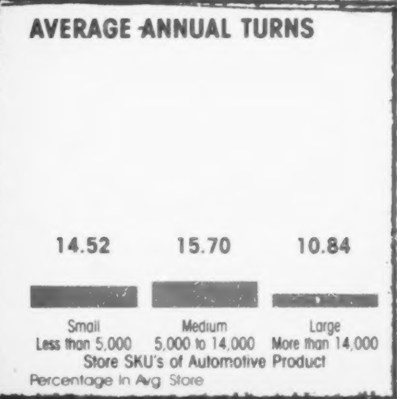
Volume Retailers: 60% or more DIY sales.

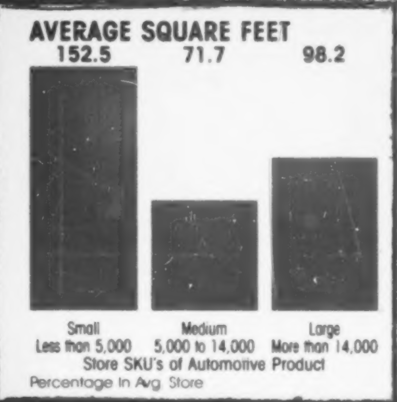
Chains:
Small = 3 or fewer stores.
Medium = 4 to 15 stores.
Large = 16 to 50 stores.
Mega = 51 or more stores.

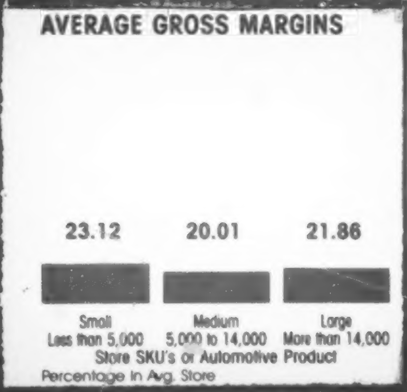
Stores by square footage:
Small = 2,000 or less square feet.
Medium = 2,001-5,000 square feet.
Large = More than 5,000 square feet.

Total SKUs:
Small = 4,999 or fewer total automotive SKUs.
Medium = 5,000-13,999 total automotive SKUs.
Large = 14,000 or more total automotive SKUs.



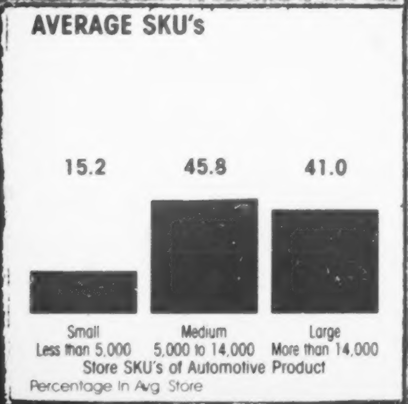


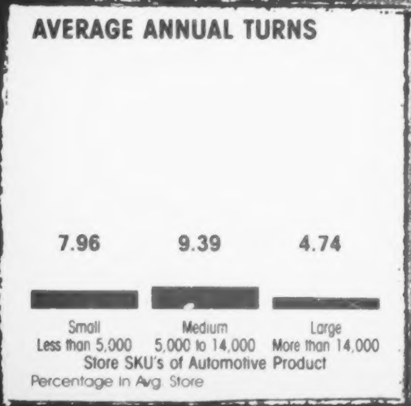


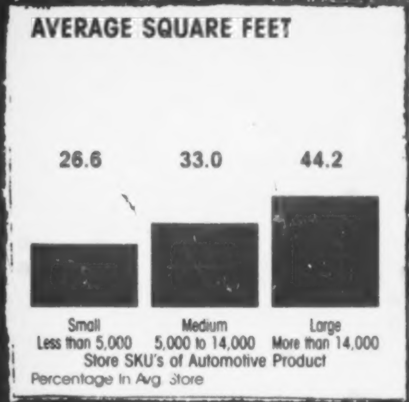


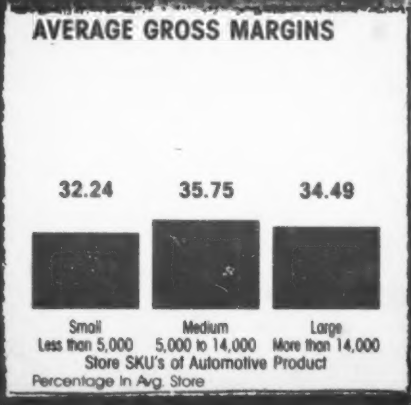
PRODUCT AFTERMARKET RETAIL TRADE STUDY

WAX & POLISH









At least 93% of retailers who sell automotive products sell waxes and polishes. Megachains, chains with more than 51 stores, stock the most SKUs of waxes and polishes while volume retailers report the highest turns. The amount of typical display space devoted to this category varies greatly while the gross margin percentage rate remains relatively stable for all retailers at around 32-36%.

SKUs

- On average, retailers stock 30 SKUs of wax and polish in their average store.
- However, there is a large diversity between different sized chains. The chains with fewer than three stores report, on average, stocking 26 SKUs of wax and polish, while chains with more than 51 stores stock 86 SKUs.
- The chains with three to 15 stores report, on average, stocking 25 SKUs.
- Not surprisingly, it is the stores with the most overall square footage devoted to automotive products that stock the most – over 50 – SKUs of wax and polish.

Turns

- Retailers do, on average, seven annual turns of wax and polish in their average store.
- The volume retailers report the highest turns at an average of eight each year while megachains report the lowest average turns of four.
- The largest numbers of turns is reported by the discount stores at 15.
- A full 43% of retail chains with fewer than three stores report average turns between three and four. The similairty between the smallests chains and the megachains indicates that the size of the retail chain has little to do with the amount of turns.

Square Footage

- Typically, 34 sq. ft. of display space is devoted to wax and polish in the retailers' average stores.
- At least half, 52%, of the stores with over 5,000 sq. ft. of automotive products provide more display space to wax and polish, anywhere up to 300 sq. ft.
- In all, 74% of the small-sized chains – those with fewer than three stores – allot less square footage than the average retailer.

Gross Margins

- Overall, retailers gross an average of 33% on wax and polish.
- The lowest gross margin was reported by independently-owned auto parts accessory chains at 32%.
- The highest gross margin was reported at almost 36% by stores with 5,000 to 14,000 total SKUs.

Professional Service

- Service providers that sell wax and polish report that, on average, they have a gross margin of 32%, stock 30 SKUs, have eight turns, and allot 23 sq. ft. of space for their display. This indicates that they do slightly better than average in selling wax and polish than other retailers and undoubtedly will remain in this market. ■

PRODUCT
AFTERMARKET
RETAIL
TRADE
STUDY

PROTECTANTS

Almost all, 93%, of automotive retailers sell protectants in their stores. In general, the protectant market is steady with retail chains of three or fewer stores stocking on average almost the same amount (within 2%) of protectant SKUs as megachains. In addition, on average, the amount of square footage alloted to protectants also varies only 2% between small and megachains.

SKUs

- On average, retailers stock 11 SKUs of protectants in their typical store.
- The total automotive SKUs a store carries doesn't appear to make a vital difference in how many SKUs of protectants each store stocks. Stores that stock over 14,000 automotive SKUs actually carry slightly fewer SKUs of protectants than stores with between 5,000 and 13,999 automotive SKUs—they stock almost 14 SKUs of protectants.
- The greatest difference is with the stores that stock less than 5,000 automotive SKUs. These stores stock, on average, at least five fewer SKUs of protectants than the medium-sized stores do.

Turns

- Retailers do, on average, eight annual turns of protectants in their average stores.
- Typically, volume retailers whose business is over 60% retail do ten turns each year.

Square Footage

- Typically, 12 sq. ft. of display space is devoted to protectants in the retailers' average stores.
- Some 77% of retail chains with less than three stores allot less space to protectants than that, while 93% of retail chains with more than 51 stores also allot less space.
- Some 73% of stores with 5,000 or more total automotive SKUs devote more than 12 sq. ft. of space to protectants.

Gross Margin

- Overall, retailers gross an average of 33% on protectants.
- Stores with more than 14,000 total automotive SKUs report a slightly higher gross margin of 34%, and stores with less than 5,000 automotive SKUs report a slightly lower gross margin of 31%.
- The lowest gross margin of all is reported by discount stores at 29%.

Professional Service

- Retailers which provide professional service surprisingly carry more SKUs of protectants than average, have higher annual turns, use more display space, but have the same average gross margin of 33% for protectants.

Glossary

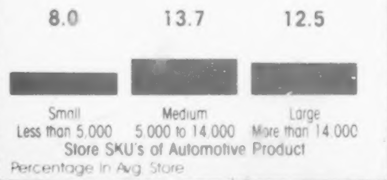
Volume Retailers: 60% or more DIY sales.

Chains:
Small = 3 or fewer stores.
Medium = 4 to 15 stores.
Large = 16 to 50 stores.
Mega = 51 or more stores.

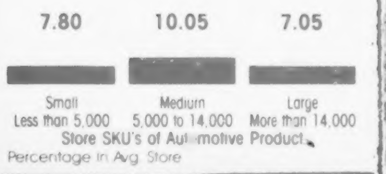
Stores by square footage:
Small = 2,000 or less square feet.
Medium = 2,001-5,000 square feet.
Large = More than 5,000 square feet.

Total SKUs:
Small = 4,999 or fewer total automotive SKUs.
Medium = 5,000-13,999 total automotive SKUs.
Large = 14,000 or more total automotive SKUs.

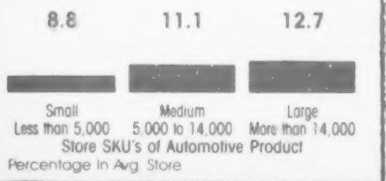
AVERAGE SKU's



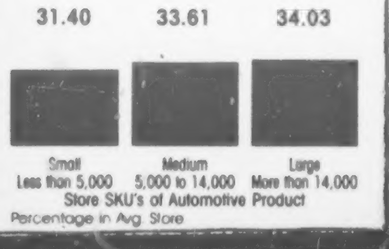
AVERAGE ANNUAL TURNS



AVERAGE SQUARE FEET



AVERAGE GROSS MARGINS



PRODUCT AFTERMARKET RETAIL TRADE STUDY

BATTERIES

Virtually every automotive products retailer sells batteries. An overwhelming 95% of retailers who sell automotive aftermarket products also stock at least one battery SKU. However, smaller stores were less likely to stock batteries than larger stores. For example, 97% of chains with 14,000 or more SKUs per store and 90% of chains with average stores with less than 4,999 SKUs stock batteries.

SKUs

- Retailers stock, on average, 35 SKUs of batteries in their average store.
- Stores carrying more than 14,000 total SKUs stock, on the average, 53 SKUs of batteries, more than any other type of store.
- Stores carrying less than 4,999 SKUs, on the other hand, stock only 22 SKUs of batteries on the average.

Turns

- Retailers do, on average, eight annual turns of batteries in their average store.
- Turns vary by store type. For the typical retailer, stocking between 5,000 and 14,000 SKUs, the average store does a little over ten turns in batteries per year.
- Stores selling more than 60% retail also do better than average with battery sales with just less than ten turns per year.

Square Footage

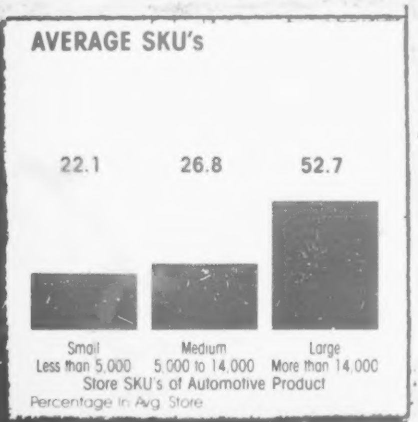
- Typically, 36 sq. ft. of display space is devoted to battery products in retailers' average stores.
- Less than one third, 30%, of all retailers, however, devote ten or fewer square feet of display space to batteries.
- Stores with more than 5,000 sq. ft. devote no more space to battery displays than do stores with less than 2,000 sq. ft. Both give about 30 sq. ft. of display space to batteries.
- The display space devoted to batteries among retailers who have retail sales of 60% or more is 33 sq. ft.

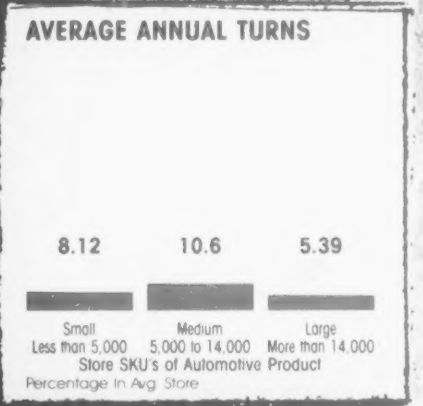
Gross Margins

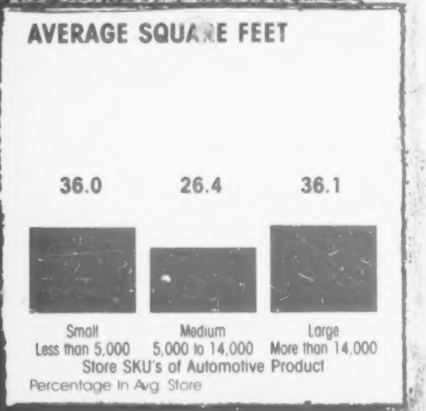
- Overall, all retailers, including jobbers, gross an average margin of 28% on batteries.
- Of retailers selling more than 60% retail, the average gross margin is 30% on batteries.
- There is virtually no difference in terms of gross margins among any of the types of stores surveyed.

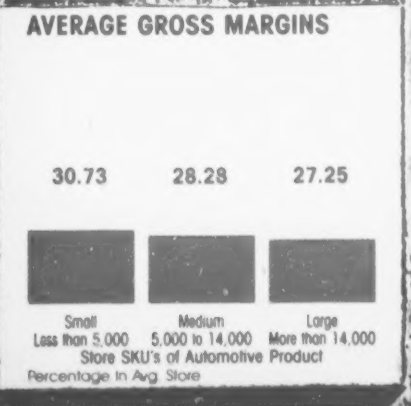
Professional Service

- Retailers that provide professional service do about the same in the battery category as those without service. In fact, only 6% of chains with professional service don't stock batteries.
- Among service providers, the average number of battery SKUs stocked by service professionals is 33; the average square footage devoted to their display is 44; the average gross margin is 29%; the average number of turns is 11. ■









Glossary

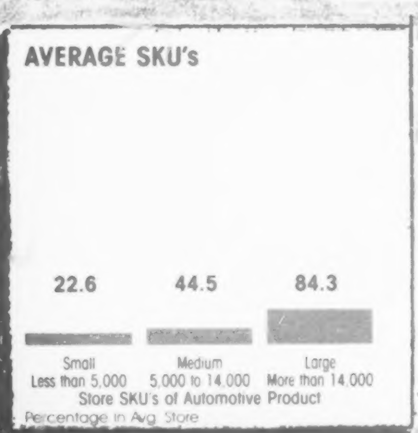
Volume Retailers: 60% or more DIY sales.

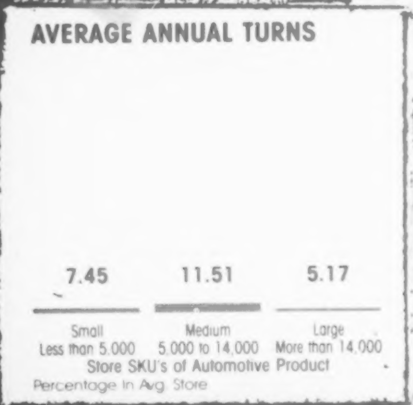
Chains:
Small = 3 or fewer stores.
Medium = 4 to 15 stores.
Large = 16 to 50 stores.
Mega = 51 or more stores.

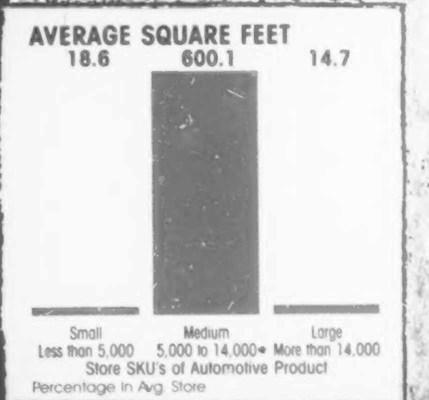
Stores by square footage:
Small = 2,000 or less square feet.
Medium = 2,001-5,000 square feet.
Large = More than 5,000 square feet.

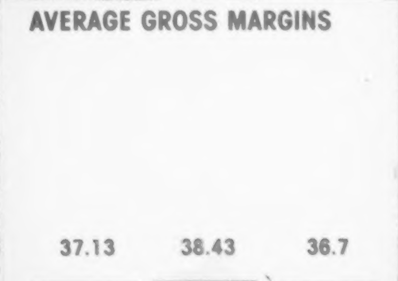
Total SKUs:
Small = 4,999 or fewer total automo
Medium = 5,000-13,999 total autom
[illegible] = 14,000 or more total auto

WIPER BLADES/REFILLS









Virtually every type of retailer that sells automotive products sells windshield wipers or blades. Only 3% of all retailers report they don't stock wipers or refills. These chains are apparently representative of chains which only devote a small amount of their inventory to automotive products, such as grocery and discount chains.

SKUs

- Retailers stock, on average, 56 SKUs of wiper blades or refills in their average store.
- The smallest and largest chains stock more SKUs, on average, than medium-sized chains. Chains with three or fewer stores stock an average of 62 wiper or refill SKUs, while those with 51 or more stores stock 69 SKUs. Medium-sized chains stock an average of 36 wiper or refill SKUs.
- In all, 51% of chains with three or fewer stores stock four or fewer SKUs of wipers or refills.

Turns

- Retailers do, on average, seven annual turns of windshield wipers or blades in their average store.
- The types of retailers which do significantly better than average turns of wiper blades or refills are small chains, chains with stores with small average footage, and chains which stock between 5,000 and 14,000 SKUs.
- Retailers doing 60% or more of their total sales to DIYers do an average of nine turns, well above average.

Square Footage

- Over half, 56%, of retailers devote ten or fewer square feet of display space to wiper blades or refills in their average store.
- Among chains with fewer than 2,000 sq. ft. devoted to automotive products, 51% devote six or fewer square feet to wiper blades or refills in their average store.
- Among chains with 2,000 to 5,000 sq. ft. devoted to automotive products, 50% devote between four and 12 sq. ft. to wiper blades or refills.
- Of chains with more than 5,000 sq. ft. devoted to automotive products, half devote between eight and 30 sq. ft. to wiper blades or refills.

Gross Margins

- Overall, retailers gross an average margin of 37% on wiper blades and refills.
- Megachains have higher average gross margins, 43%, than other types of chains on wiper blades and refills.

Professional Service

- Providers of professional service stock fewer wiper blade or refill SKUs than average.
- Service providers do more turns, nine, of wiper blades or refills than average.
- Service providers give an average of 11 sq. ft. to wiper blades or refills.
- The average gross margin on wiper blades or refills reported by service providers, 37%, is the same as the average. ■

Glossary
Volume Retailers: 60% or more DIY sales.

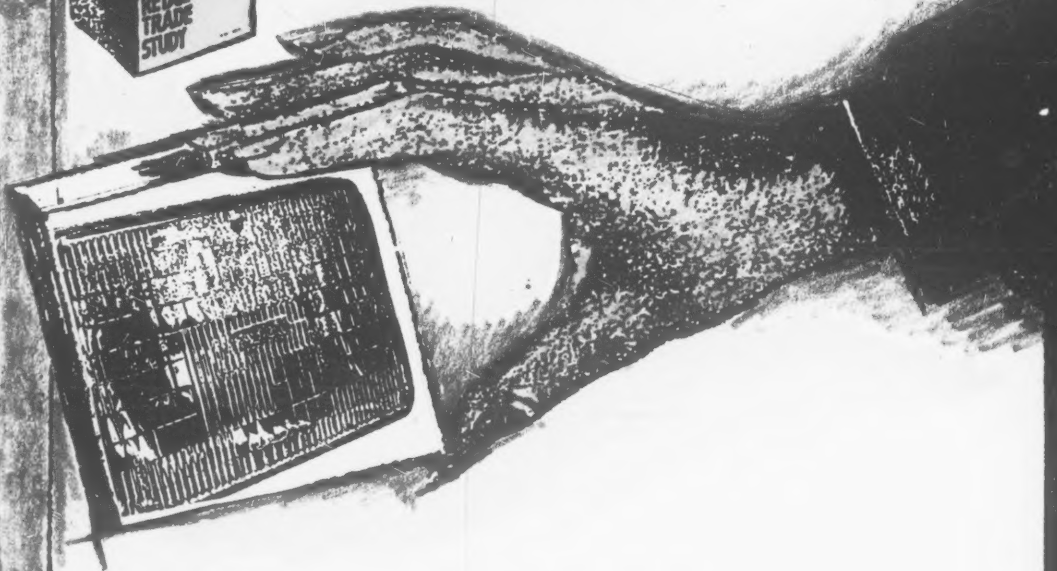
Chains:
Small = 3 or fewer stores.
Medium = 3 to 15 stores.
Large = 16 to 50 stores.
Mega = 51 or more stores.

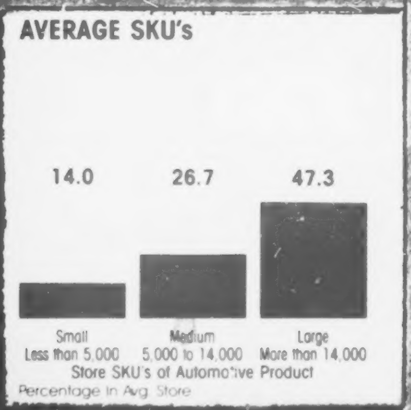
Stores by square footage:
Small = 2,000 or less square feet.
Medium = 2-5,000 square feet.
Large = More than 5,000 square feet.

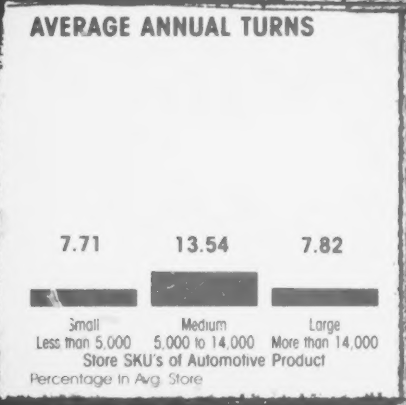
Total SKUs:
Small = 4,999 or fewer total automotive SKUs.
Medium = 5-13,999 total automotive SKUs.
Large = 14,000 or more total automotive SKUs.

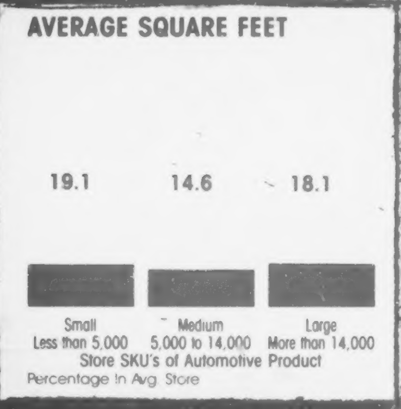
PRODUCT AFTERMARKET RETAIL TRADE STUDY

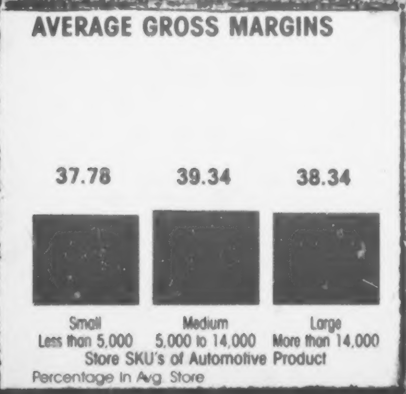
HEADLIGHTS




AVERAGE SKU's


AVERAGE ANNUAL TURNS


AVERAGE SQUARE FEET


AVERAGE GROSS MARGINS

There are no absolutes when it comes to headlights stocked in retail chain stores. But, headlights are an important and necessary product for all retailers, including service providers, because there is an immediate demand for replacement when they fail.

SKUs

- Retailers stock, on average, 30 SKUs of headlights in their average store.
- On average, the stores with the most square footage as well as the stores with the greatest number of overall SKUs stock the greatest number of headlight SKUs.

Turns

- Retailers do, on average, nine annual turns of headlights in their average store.
- Some 67% of the large- and mega-sized retail chains do the best business—they report annual turns as high as ten.
- Some 64% of the small-sized chains turn headlights between two and six times a year, while 56% of medium-sized chains do the same.

Square Footage

- Typically, 19 sq. ft. of display space is devoted to headlights in retailers' average store.
- Headlight displays are reported to range anywhere from one to 300 sq. ft. of space with the largest stores (by overall square footage devoted to automotive products) allotting more space.

Gross Margins

- Overall, retailers gross an average margin of 38% on headlights.
- The chains with between three and 15 stores report the highest gross margin at almost 40%. The lowest was 33%, reported by discount stores.

Professional Services

- Retail chains which provide service, on the average, have 21 SKU's of headlights in stock, have almost nine annual turns, allot almost 15 sq. ft. of display space, and have a gross margin of 37% on headlights. ■

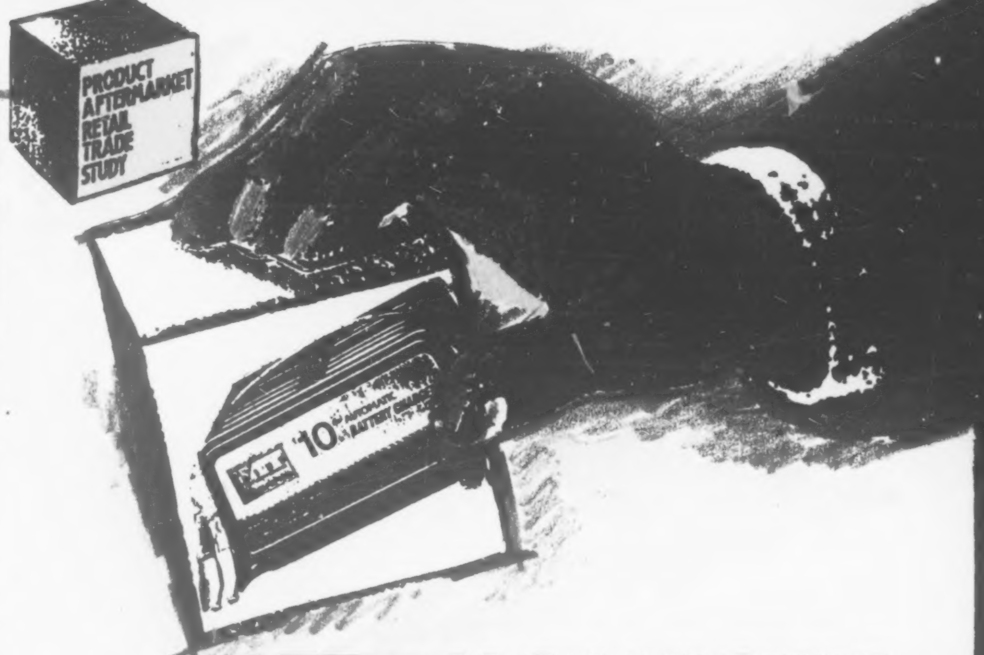
Glossary

Volume Retailers: 60% or more DIY sales.

Chains:
Small = 3 or fewer stores.
Medium = 4 to 15 stores.
Large = 16 to 50 stores.
Mega = 51 or more stores.

Stores by square footage:
Small = 2,000 or less square feet.
Medium = 2-5,000 square feet.
Large = More than 5,000 square feet.

Total SKUs:
Small = 4,999 or fewer total automotive SKUs.
Medium = 5-13,999 total automotive SKUs.
Large = 14,000 or more total automotive SKUs.



BATTERY CHARGERS

The great majority of automotive products retailers sell battery chargers. In all, 77% of retailers that sell automotive aftermarket products stock battery chargers.

SKUs

- Retailers stock, on average, four SKUs of battery chargers in their average store.
- Most stores stock between three and six SKUs of battery chargers. However, exactly half the small chains with less than three stores do not carry any, or carry two or fewer SKUs of battery chargers.

Turns

- Retailers do, on average, three annual turns of battery chargers in their average store.
- For the typical retailer stocking between 5,000 and 14,000 SKUs, 38% report more than three turns annually.
- Some 34% of small retailers, stocking 4,999 or fewer SKUs of automotive products, do more than three annual turns.
- Only 20% of jobber/retailers stocking more than 14,000 SKUs had more than three annual turns.

Square Footage

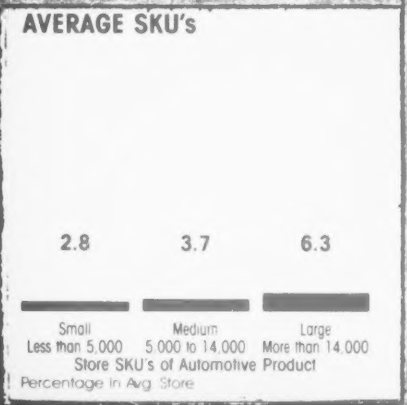
- Typically, ten square feet of display space is devoted to battery chargers in retailers' average stores.
- Chains with larger stores don't act consistently in terms of how much space is devoted to battery chargers.
- **Discounters give more space, 13 sq. ft. on the average, to battery chargers than any other type of store.**
- On the average, retailers with smaller stores, less than 2,000 sq. ft. of autootive products, devote, more space to displaying battery chargers than retailers with stores of 2-5,000 sq. ft.
- The space devoted to battery chargers among retailers who have retail sales of 60% or more is ten square feet.

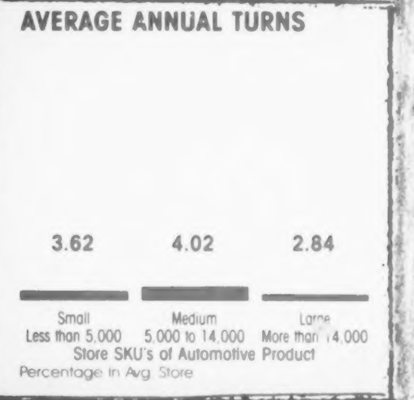
Gross Margins

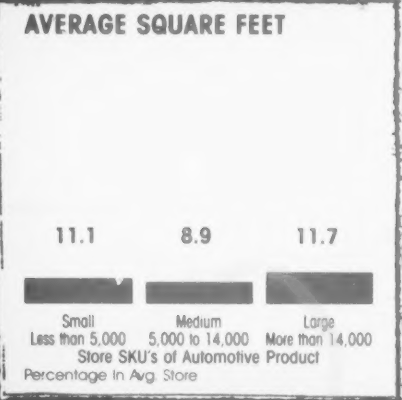
- Overall, retailers gross an average margin of 31% on battery chargers.
- In all, 56% report gross margin percentages ranging between 26% and 35%.
- Of volume retailers, 42% report gross margin percentages of 31% to 40%.
- Battery chargers are less profitable for independent auto parts chains compared to other types of stores, with a third reporting gross margins on battery chargers under 25%.
- Megachains do better, with half reporting that gross margins on battery chargers are over 36%.

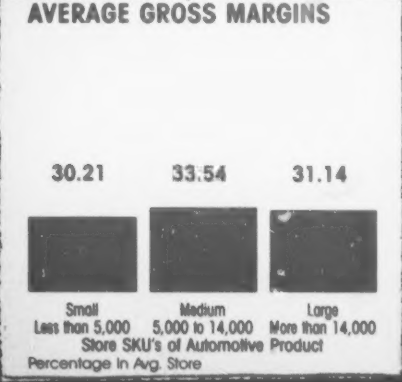
Professional Service

- Retailers that provide professional service did not do better in this product category than those without service. In fact, 39% of chains with professional service don't stock battery chargers.
- Among service providers, the average number of battery chargers SKUs stocked by service professionals is four; the average display space devoted to battery chargers is 11 sq. ft.; the average gross margin is 30%; the average number of annual turns is three. ■


AVERAGE SKU's

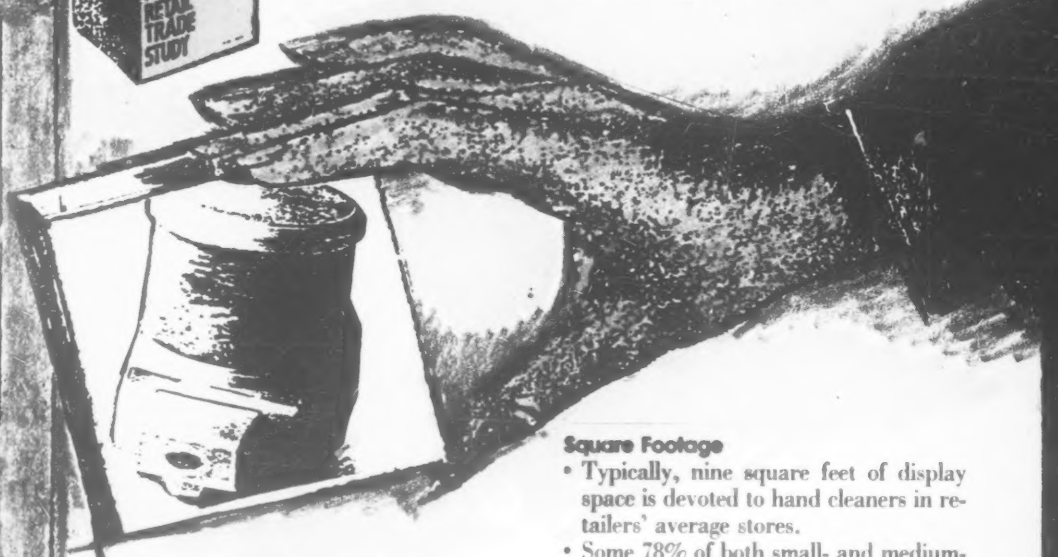

AVERAGE ANNUAL TURNS

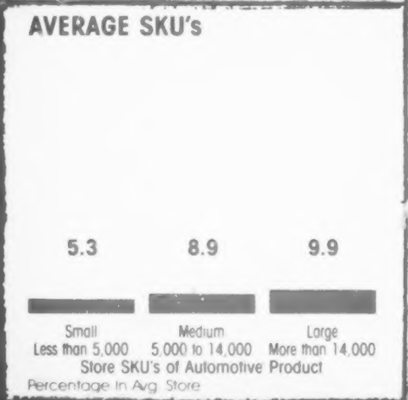

AVERAGE SQUARE FEET

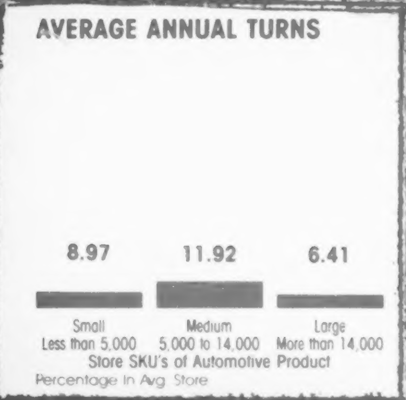

AVERAGE GROSS MARGINS

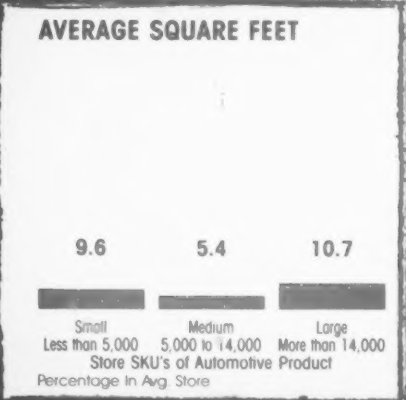
PRODUCT AFTERMARKET RETAIL TRADE STUDY

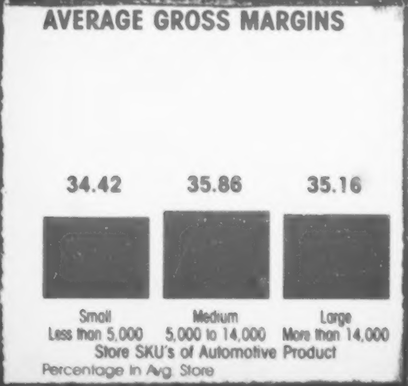
HAND CLEANERS











Almost one third all retail chain stores stock more than six SKUs of hand cleaners making this product a popular one for retail shelves. However, the larger chains seem to be outdone by the smaller chains when it comes to selling hand cleaners.

SKUs

- Retailers stock, on average, ten SKUs of hand cleaners in their average store.
- Some 67% of small-sized retail chain stores stock between one and six SKUs of hand cleaners while 75% of medium-sized retail chain stores stock between one and ten SKUs of hand cleaners. And, 80% of the large- and 71% of the megachains stock between one and ten SKUs.
- Of all small retail stores – those with 5,000 total SKUs – 55% stock between one and three SKUs of hand cleaners, while over 50% of both medium- sized and large-sized retailers report stocking two through six SKUs of hand cleaners.

Turns

- Retailers do, on average, eight turns of hand cleaners in their average store.
- Small-sized retail chains report an annual turn mean of nine, while large and megachains report only seven, and sometimes as low as four annual turns.
- There is no set pattern as to whether or not providing the customer with a greater variety of products – more SKUs – changes the annual turns. Regardless of whether a chain has less than 5,000 SKUs or more than 14,000 SKUs, the average turn rate of hand cleaners hovers between six and nine.

Square Footage

- Typically, nine square feet of display space is devoted to hand cleaners in retailers' average stores.
- Some 78% of both small- and medium-sized retail chain stores devote between one and ten square feet of display space for hand cleaners while only 85% of both large and megachains do the same.
- A small-sized retail chain store with approximately 5,000 total SKUs and a medium-sized retail chain store with 5,001 to 14,000 total SKUs stock at least two-thirds of their hand cleaners within eight square feet of display space.

Gross Margins

- Overall, retailers gross an average margin of 34% on hand cleaners.
- Megachains report the highest gross margin at 39% while stores with less than 2,000 sq. ft. of space report the lowest at 33%.

Professional Service

- On average, service providers allot six square feet of display space, stock almost ten hand cleaners SKUs, report almost 11 annual turns, and have an overall gross margin of 33%. Although service providers do not allot as much space to hand cleaners as other retailers do, they appear to be quite successful at selling it. ■

Glossary

Volume Retailers: 60% or more DIY sales.

Chains:
Small = 3 or fewer stores.
Medium = 4 to 15 stores.
Large = 16 to 50 stores.
Mega = 51 or more stores.

Stores by square footage:
Small = 2,000 or less square feet.
Medium = 2,001-5,000 square feet.
Large = More than 5,000 square feet.

Total SKUs:
Small = 4,999 or fewer total automotive SKUs.
Medium = 5,000-13,999 total automotive SKUs.
Large = 14,000 or more total automotive SKUs.

PRODUCT AFTERMARKET RETAIL TRADE STUDY

FRONT END PARTS

Front end parts are sold by virtually every automotive products retailer. In all, 87% of retailers who sell automotive aftermarket products stock front end parts.

SKUs

- Over half, 52%, of retailers stock more than 90 SKUs of front end parts in their average store.
- But the number of SKUs stocked increases by the size of the chain. Chains with fewer than three stores stock 183 SKUs of front end parts on the average, while megachains stock 261 SKUs on average in their stores.
- On the other hand, discounters typically stock only 13 SKUs of front end parts.

Turns

- Retailers do, on average, five annual turns of front end parts in their average store.
- Turns vary widely by the number of front end parts SKUs stocked. For the chain stocking on the average only 66 SKUs of front end parts, average turns are eight per year.
- But for stores averaging 397 SKUs of front end parts, average turns decline to three per year.
- Only 34% of high volume retailers get more than three turns per year from front end parts.

Square Footage

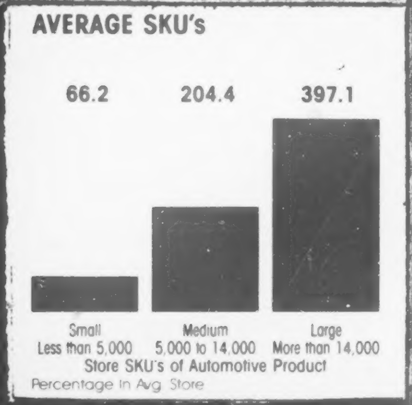
- Typically, 36 sq. ft. of display space is devoted to front end parts in retailers' average stores.
- Megachains devote the smallest display space to front end parts, using only 13 sq. ft. on the average for the category.
- Some 11% of small-sized retail chains give 20 to 30 sq. ft. of display space to front end parts.
- Stores with more than 2,000 sq. ft. of automotive products devote about the same amount of space to display front end parts as does the average store.
- But chains with stores of less than 2,000 sq. ft. give just 32 sq. ft. on the average for the display of front end parts.
- The average space devoted to front end parts among retailers who have retail sales of 60% or more is 34 sq. ft.

Gross Margins

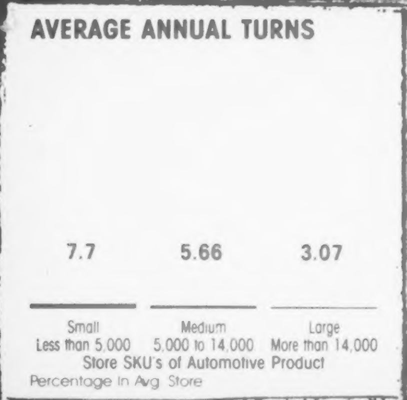
- Overall, all retailers, including jobbers, gross an average margin of 36% on front end parts.
- In all, 70% report gross margins of 31% or more.
- Of volume retailers, 53% report gross margins of 31% to 40%.
- Megachains do even better, reporting a typical gross margin of 46% on front end parts sales.

Professional Service

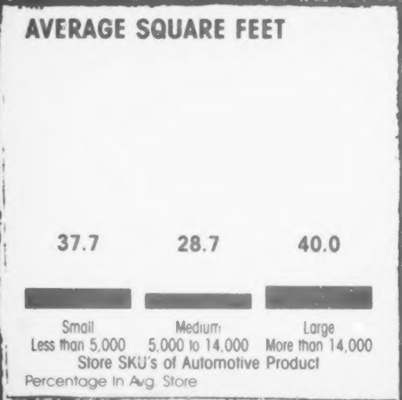
- Retailers that provide professional service do better in this product category than those without service. In fact, 83% of chains with professional service stock front end parts.
- Among service providers, however, the average number of front end parts SKUs stocked by service professionals is 97; the average square footage devoted to their display is 36; the average gross margin is 40%; the average number [illegible] annual turns is seven. ■



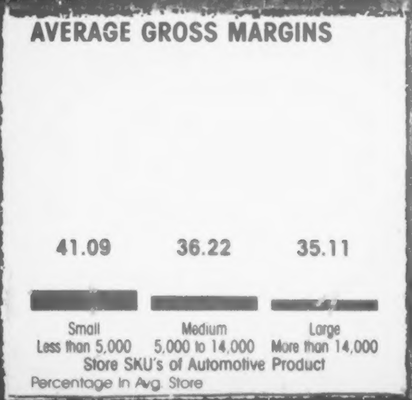
AVERAGE SKU's



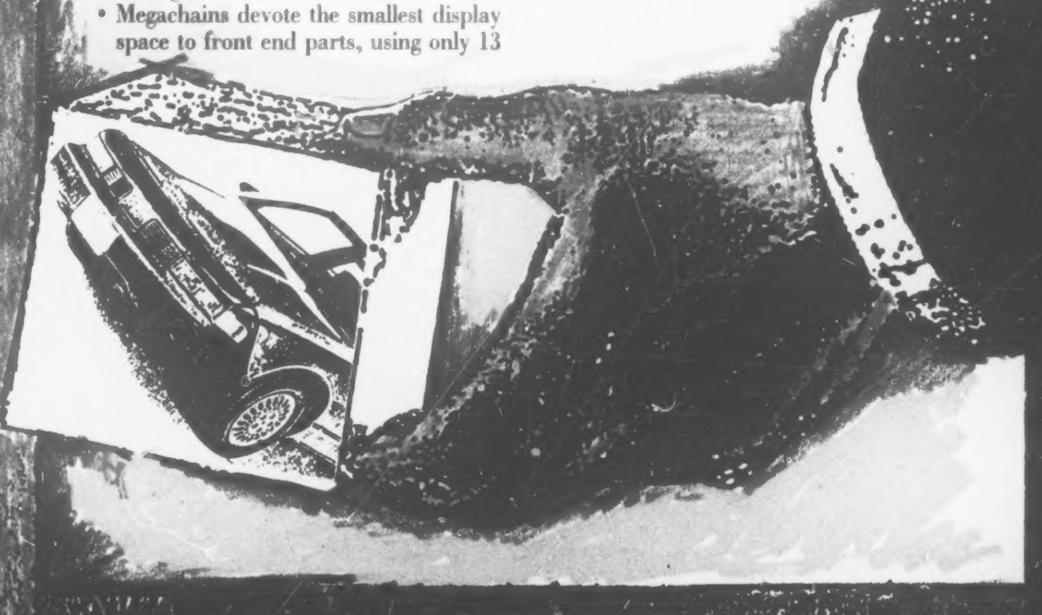
AVERAGE ANNUAL TURNS



AVERAGE SQUARE FEET

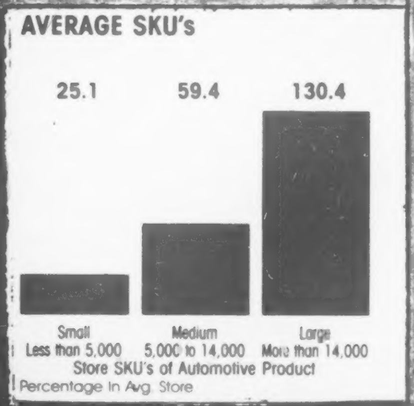


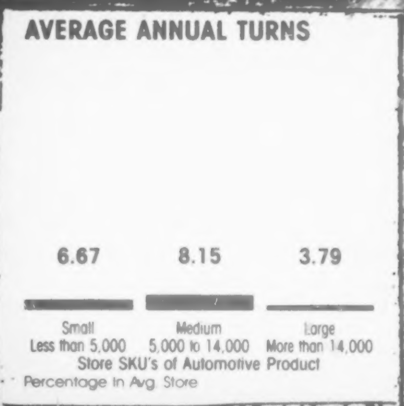
AVERAGE GROSS MARGINS

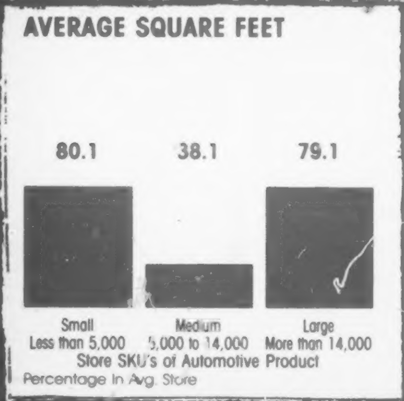


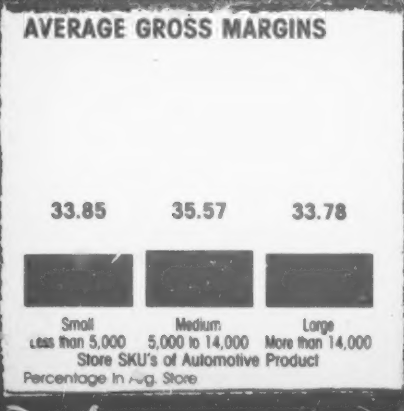
BODY REPAIR PRODUCTS

PRODUCT
AFTERMARKET
RETAIL
TRADE
STUDY









Almost every automotive products retailer sells body repair products. In all, 73% of retailers that sell in the automotive aftermarket stock body repair products.

SKUs

- Over half, 53%, of retailers stock 50 or fewer SKUs of body repair products in their average store.
- The number of SKUs stocked by various types of aftermarket chains – pure retailers, jobber/retailers, discount stores, etc. – varies tremendously. Discount stores stock as few as 11 SKUs on average, while auto parts and accessories chains typically stock 106 SKUs.

Turns

- Retailers do, on average, six annual turns of body repair products in their average store.
- Turns vary by store type. For the typical auto parts retailer stocking between 5,000 and 14,000 SKUs, 52% report three or four turns annually.
- Only 39% of retailers stocking 4,999 or fewer SKUs of automotive products, get three or four annual turns. The average annual turns for volume retailers are eight.
- Some 44% of retailers between 5,000 and 13,999 SKUs had three to four annual turns. The average for these retailers is eight annual turns.

Square Footage

- Typically, 60 sq. ft. of display space is devoted to body repair products in retailers' average stores.
- **Over one third, 37% – the largest single block – devote ten or fewer square feet of display space to body repair products.**
- **The biggest single block of stores with less than 2,000 sq. ft.** devoted to automotive products, 31%, devote 20 to 30 sq. ft. of display space to body repair products.
- The average square feet devoted to body repair products among retailers who have retail sales of 60% or more is 29 sq. ft.

Gross Margins

- Overall, all retailers, including jobbers, gross an average margin of 34% for body repair products. In all, 53% report gross margins between 26% and 35%.
- Of volume retailers, 52% report gross margins of 31% to 40%.
- Large-sized chains do even better, with 54% seeing gross margins average between 31% and 40%.

Professional Service

- Retailers that provide professional service do no better in this product category than those without service. In fact, 43% of chains with professional service don't stock body repair products.
- Among service providers, the average number of body repair product SKUs stocked by service professionals is 47; the average square footage devoted to their display is 48; the average gross margin is 33%; the average number of annual turns is six. ■

Glossary

Volume Retailers: 60% or more DIY sales

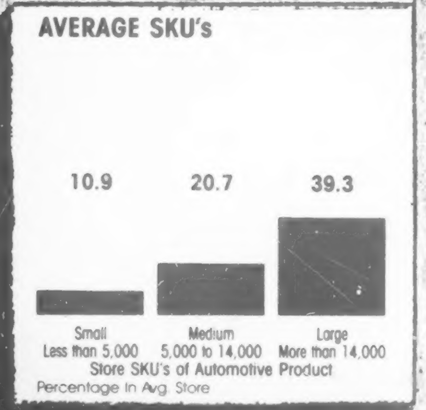
Chains:
Small = 3 or fewer stores.
Medium = 4 to 15 stores.
Large = 16 to 50 stores.
Mega = 51 or more stores.

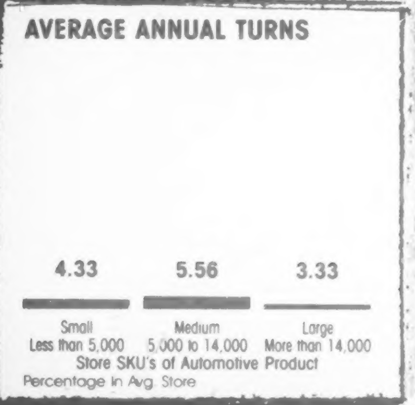
Stores by square footage:
Small = 2,000 or less square feet.
Medium = 2,001-5,000 square feet.
Large = More than 5,000 square feet.

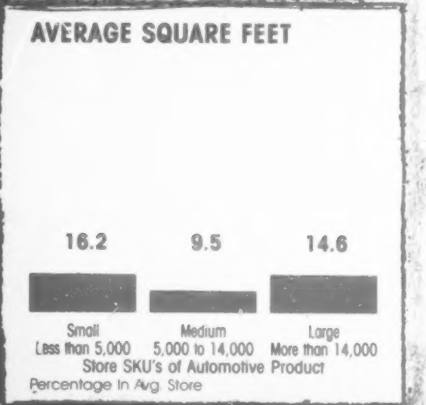
Total SKUs:
Small = 4,999 or fewer total automotive SKUs.
Medium = 5,000-13,999 total automotive SKUs.
Large = 14,000 or more total automotive SKUs.

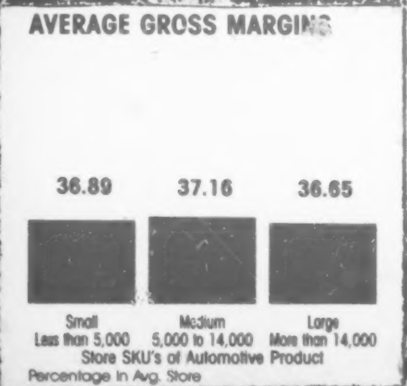
PRODUCT AFTERMARKET RETAIL TRADE STUDY

AUXILIARY LIGHTING









There is a direct stocking correlation among retailers that carry some kind of auxiliary lighting products—from fog lights to spotlights—on their shelves. Chains that stock more SKUs also carry the largest assortment of auxiliary lighting products, with an average of 39 SKUs compared with only 11 SKUs in chains with few overall automotive SKUs.

SKUs

- Retailers stock, on average, 24 SKUs of auxiliary lighting products in their average store.
- Over half, 59%, of all retailers with less than 5,000 total SKUs stock up to three SKUs of auxiliary lighting products.
- Stores with more than 5,000 total SKUs show no major trend toward stocking any specific number of SKUs of auxiliary lighting products.

Turns

- Retailers do, on average, four annual turns of auxiliary lighting products in their average store.
- At least 80% of small-sized retail chain stores, 77% of medium-sized chains, and 71% of large-sized chains report having an average of between one and four turns each year on auxiliary lighting products.
- Meanwhile, 100% of megachains report a slightly higher average of two to five turns each year.

Square Footage

- Typically, 16 sq. ft. of display space is devoted to auxiliary lighting products in retailers' average stores.
- Over half of all retail chain stores display up to ten square feet or from 21 through 50 sq. ft. of auxiliary lights, while 40% of retail stores report stocking between ten and 20 sq. ft.
- Over 59% of all auxiliary lighting SKUs are stocked in 10 sq. ft. of each store.

Gross Margins

- Overall, retailers gross an average of 36%. The highest margin, 41%, is reported by the megachains. The lowest is reported by the small chains of less than three stores at just under 36%.
- The gross margin range of 26% to 40% encompasses 68% of all retail chain stores that stock a total of less than 5,000 SKUs, and 76% of those retail chain stores that stock a total of 5,000 through 14,000 SKUs.

Professional Service

- Retail chains with service stock about 27 SKUs of auxiliary lights, report almost five turns annually, allot 19 sq. ft. of display space, and average an overall gross margin of almost 38%. ■

Glossary

Volume Retailers: 60% or more DIY sales.

Chains:
Small = 3 or fewer stores.
Medium = 4 to 15 stores.
Large = 16 to 50 stores.
Mega = 51 or more stores.

Stores by square footage:
Small = 2,000 or less square feet.
Medium = 2,001-5,000 square feet.
Large = More than 5,000 square feet.

Total SKUs:
Small = 4,999 or fewer total automotive SKUs.
Medium = 5,000-13,999 total automotive SKUs.
Large = 14,000 or more total automotive SKUs.

THIS PAGE SPONSORED BY PETERSON MANUFACTURING CO. GRANDVIEW, MO

TOP ONEHUNDRED

AM'S LARGEST AFTERMARKET RETAILERS

Today there are 8.4% more company-owned stores on our *Automotive Marketing* Top 100 retailer list than there were in 1988. The *AM* Top 100 is a list of the retail chains that concentrate on automotive parts, chemicals, and accessories sales to consumers. Then there were 6,135 stores this year vs. 5,656 stores on our August 1988 list. Between 1987 and 1988, the comparable growth was 6.6% more automotive parts stores. So, at least in terms of overall store number growth,

THE *AM* LARGEST 100 AFTERMARKET RETAILERS

Rank	Chain	# of Stores	# of Bays	$ Sales (÷ 000)*	CEO	Address and Phone	1988 Rank
1.	Northern Automotive [1]	880	0	660,149	John S. Lacey	645 Missouri Ave., Suite 400, Phoenix, AR 85012 (602) 265-9200	1
2.	AutoZone	509	0	535,000	Peter Formanek	3030 Poplar Ave., Memphis, TN 38111 (901) 325-4600	3
3.	Chief Auto Parts Inc.	500	0	290,000	Mike Manor	1515 Wade Drive, Seagoville, TX 75159 (214) 287-7474	2
4.	Western Auto	450 [2]	2,500	1,200,000	John T. Lundegard	2107 Grand Ave., Kansas City, MO 64108 (816) 346-4000	5
5.	Trak Auto	292	0	243,107	Edward E. Szydlik	3300 75th Ave., Landover, MD 20785 (301) 731-1200	6
6.	The Pep Boys	264	2,226	655,968	Mitchell Leibovitz	3111 W. Allegheny Ave., Philadelphia, PA 19132 (215) 229-9000	8
7.	Ward White Group [3]	250	140	250,000	Dean Haulton	1375 Mt. Prospect Rd., Des Plaines, IL 60018 (312) 699-5040	**
8.	Nationwise Automotive, Inc.	247	346	290,000	Saul Levy	3750 Courtright Ct., Columbus, OH 43227 (614) 239-1111	9
9.	Parts, Inc. [4]	175	42	125,000	J.H. "Buddy" Tankersley	606 S. Dudley, Memphis, TN 38101 (901) 523-7711	**
10.	Advance Stores Co.	150	0	85,000	Nicholas Taubman	1342 West Eighth, Roanoke, VA 24015 (703) 345-4911	11
11.	Sloego Auto Parts	147	0	190,000	Robert Sutherland	319 Clematis St., West Palm Beach, FL 33401 (407) 655-9700	10
12.	Super Shops	140	350	180,000	Harry Eberlin	620 Newport Center Dr., Ste 860, Newport Beach, CA 92660 (714) 644-9900	14
13.	PACCAR [5]	136	0	190,000	Ronald R. Hollyoak	1400 North 4th St., Renton, WA 98055 (206) 353-1234	**
14.	Discount Auto Parts, Inc.	125	0	100,000	Denis L. Fontaine	4900 S. Frontage Road, Lakeland, FL 33802 (813) 687-9226	21
15.	HI/LO Auto Supply Companies [6]	104	0	143,700	T. Michael Young	8601 Tavenor, Houston, TX 77057 (713) 991-6052	17
16.	O'Reilly Automotive (Ozark)	102	0	85,000	Charles O'Reilly	233 S. Patterson, Springfield, MO 65802 (417) 862-3333	15
17.	Aid Auto	88	0	55,000	Philip L. Stephen	475 Doughty Blvd., Inwood, NY 11696 (516) 371-4330	16
18.	ADAP	74	0	62,000	Wayne Yodzio	660 Badwell St., Ext. Avon, MA 02322 (617) 587-8400	18
19.	Action Auto [7]	67	0	110,000	Dick Sabo	2128 S. Dort Hwy, Flint, MI 48507 (313) 236-5600	20
20.	Pettigrew-Smith/Dale's	58	1	50,000	Ben Dacke	8119 Jensen Dr., Houston, TX 77093 (713) 695-3613	22
21.	Hi-Gear Tire & Auto Supply	56	0	27,000	Stan Love	110 Ritchie Rd., Capitol Heights, MD 20743 (301) 336-3000	23
22.	Quality Stores	54	20	165,000	John L. Hill	1460 Whitehall Rd., North Muskegon, MI 49445 (616) 744-2491	26
23.	Forest City Auto Parts Co. Inc.	50	0	***	Arnold Bellowe	25201 Chagrin Blvd., Ste 350, Beachwood, OH 44122 (216) 292-2525	24
24.	Big Bear Stores	47	0	32,000	Jerry Kammerel	640 54th Ave. N., St. Cloud, MN 56301 (612) 251-9000	25
25.	Ace Auto Parts	40	0	30,000	Thomas D. Cox	4351 34th St. N., St. Petersburg, FL 33714 (813) 526-1664	30
26.	Big Wheel Auto Stores	36	0	24,000	R.B. Shaller	1335 Mendota Heights Rd., Mendota Heights, MN 55120 (612) 452-7484	31
27.	Murray's Discount Auto Stores	35	0	9,500	Albert Pitt	21500 Trolley Ind. Dr., Taylor, MI 48180 (313) 292-2800	38
28.	Taylor Parts, Inc. (TPS)	32	0	55,000	James M. Taylor II	208 E. 3 Notch St., Andalusia, AL 36420 (205) 222-4813	27
29.	The Carport	32	0	15,000	David Fuhrman	3925 Rice Mine Rd., Northport, AL 35476 (205) 345-2400	39
30.	Worldwide Auto Parts, Inc.	31	7	19,000	Jim Foos (COO)	87 Brooklyn Ave., Youngstown, OH 44507 (216) 782-2204	36
31.	Parts City, Inc. (Alex. Seewald)	31	0	15,000	Andy Moye	1420 Seaboard Industrial Blvd., Atlanta, GA 30318 (404) 352-0146	32
32.	Twin "B" Auto Parts	30	0	16,000	William O'Connor	528 S. Military Hwy., Virginia Beach, VA 23464 (804) 420-3342	33
33.	10,000 Auto Parts of California	30	0	9,000	Lowell Fisher	310 W. 35th St., National City, CA 92050 (612) 533-7799	**
34.	Crazy Joe's	29	0	16,590	Joe Armentrout	460 Armentrout Dr., Concord, NC 28025 (704) 788-6551	34
35.	Linkon's Auto Supply	29	0	6,000	Leonard Linkon	2720 E. 2nd St., Centralia, IL 62801 (618) 533-1311	29
36.	Ben Pilla Speed Shops	28	0	11,000	Ben Pilla	118 N. Black Horse Pike, Bellmawr, NJ 08031 (609) 931-4041	28
37.	The Fox Group, Inc. [8]	27	0	16,000	William Fox, Jr.	23444 Schoenherr, Warren, MI 48089 (313) 774-4940	47
38.	One Stop Auto Parts	23	0	13,000	Gerald Klein	1113 62nd Ave. N., St. Petersburg, FL 33702 (813) 522-2897	35
39.	Foreign Autoparts	23	0	15,000	Steve Potkin	1205 Route One, Sharon, MA 02067 (617) 668-4444	**
40.	VIP Discount Auto	21	65	23,000	Thomas O. Auger	12 Lexington St., Lewiston, ME 04240 (207) 784-5464	44
41.	Acme Auto Supply, Inc.	21	0	8,000	James Fine	620 R Oakwood Ave., West Hartford, CT 06110 (203) 246-2540	37
42.	Gatting's Auto Stores	20	5	7,000	Albert C. Premus	117 W. Peach St., Connellsville, PA 15425 (412) 628-3340	42
43.	Beacon Auto Parts, Inc.	20	0	18,000	Fred Pisciotta	911 Lowry Ave., Jeannette, PA 15644 (412) 527-5612	**
44.	Performance Centers of America	20	0	18,000	Donald R. Raleigh	180 Whitman Ave., Edison, NJ 08817 (201) 287-5200	48
45.	Royal Auto Supply	20	0	10,000	Jon Stenn	Twin Park Industrial Center, Colmar, PA 18915 (215) 822-1359	43
46.	Giant Auto Parts	19	0	13,500	Robert Levy	2236 S. Hamilton Ave., White Hall, OH 43232 (614) 864-3811	45
47.	Bennett Auto Supply	19	0	5,500	Allen Bennett	3869 N. Dixie Hwy, Oakland Park, FL 33334 (305) 565-4636	63
48.	Auto Parts World	18	0	7,200	Anthony Dabrowski	1176 W 14 Mile Rd., Clawson, MI 48017 (313) 288-0660	49
49.	Von Housen Auto Parts	17	0	11,000	Robert Neeley	2634 Juniper Lane, Sacramento, CA 95825 (916) 485-7562	53
50.	Champion Auto Stores [9]	16	0	75,000	Robert "Bud" Rose	5520 N. U.S. Highway 169, New Hope, MN 55428 (612) 535-8984	12

TOP ONEHUNDRED

AM'S LARGEST AFTERMARKET RETAILERS

1987-1988 was a good year for the big chains.

Much of this growth seems to be confined to a small number of large companies, however, as many medium- and small-sized companies actually consolidated, apparently closing smaller, less profitable stores. ■

51.	American Auto/Art's Auto Supply	15	0	13,000	Ken Millard	1011 Mason St., Omaha, NE 68108 (402) 345-1797	67
52.	National Auto Stores	15	0	11,000	David M. Stein	2342 North Penn Rd., Hatfield, PA 19440 (215) 997-1300	55
53.	Scherbas Auto Stores, Inc.	14	0	16,000	Ted R. Scherba	3910 El Camino Real, San Mateo, CA 94403 (415) 342-9415	57
54.	Knecht's Discount Auto Parts	14	0	13,000	Wally Knecht	3400 Main St., Springfield, OR 97478 (503) 746-4532	71
55.	Toohey's Auto Supply Co.	14	0	6,500	G.W. Toohey	149 E. Woodlawn Ave., Louisville, KY 40214 (502) 368-3897	61
56.	Kentucky Motor Service, Inc.	14	0	3,000	Anthony Neltner	235 Scott St., Covington, KY 41011 (606) 431-6025	65
57.	A&A Auto Stores, Inc. (Keystone)	14	3	***	Joseph Amato, Jr.	44 Tunkhannock Ave., Exeter, PA 18643 (717) 655-6871	60
58.	Auto, Truck & Van Associates	13	0	14,000	Walter A. Lahmann, Jr.	150 Engineers Rd., Hauppauge, NY 11788 (516) 435-4555	81
59.	B&C Auto Supply	13	0	12,000	Tony Gerbino	5491 Minnesota Dr., Anchorage, AK 99518 (907) 562-2047	51
60.	Fletcher Enterprises	13	116	12,000	Jerry Fletcher	2601 N. 32nd Ave., Phoenix, AZ 85009 (602) 269-1351	58
61.	Parks Auto Parts	13	0	6,500	Kenneth M. Parks	5429 Rivers Ave., Charleston, SC 29418 (803) 744-5278	86
62.	Scogin Auto Parts, Inc.	13	0	6,500	Joe W. Scogin	P.O. Box 618, Leesville, LA 71496-0618 (318) 239-4553	74
63.	Brad's Auto Parts Co.	13	0	8,000	Gary Davis	4946 S. Union St., Tulsa, OK 74107 (918) 445-0092	**
64.	Auto Barn Stores	12	0	19,000	Herbert Blumberg	13 Harbor Park Dr., Port Washington, NY 11050 (516) 484-9500	70
65.	Maynard Supply Co.	12	0	9,000	Lee Maynard	230 N. Winooski Ave., Burlington, VT 05401 (802) 658-4479	73
66.	Wolf's Auto Parts	12	0	7,000	Walter H. Bryan, Jr.	6807 Stuart Ln. S., Jacksonville, FL 32205 (904) 781-0161	85
67.	Stinger Sam Auto Parts, Inc.	12	0	4,500	Neil Stenger	5602 W. 12th, Little Rock, AK 72204 (501) 666-4521	41
68.	Kissinger "Ultra"	12	0	3,000	Howard E. Jones	3100 N. Main St., Fort Worth, TX 76106 (817) 625-4333	54
69.	Ridge Auto Parts	11	12	25,000	James E. Goodhew	1535 S. Main St., South Bend, IN 46680-2859 (219) 234-3143	**
70.	Bomgaars	11	10	17,750	Harold A. Bomgaars	333 Water St., Sioux City, IA 51102 (712) 277-2000	76
71.	D.G. Nicholas Co.	11	0	7,000	James B. Nicholas	Box 270, 601-615 Wyoming Ave., Scranton, PA 18501 (717) 342-7683	78
72.	Johnie's Discount Auto Supply	11	0	6,000	Johnie Marshall	627 Main St., Garland, TX 75040 (214) 272-0451	62
73.	Hutchins Angert	10	0	15,000	L.J. Hutchins	2701 Military Rd., Niagara Falls, NY 14212 (716) 297-0222	80
74.	Blue Star Auto Stores	10	12	7,500	Eugene Weisman	2001 S. State St., Chicago, IL 60616 (312) 225-7174	82
75.	Economy Imports	10	0	7,000	Peter J. Blacklock	980 George St., Santa Clara, CA 95054 (408) 988-2452	83
76.	Professional Auto Parts Associates	10	0	4,200	Meyer Chernock	2230 Reisterstown Rd., Baltimore, MD 21217 (301) 669-0800	75
77.	Kar Parts, Inc.	10	0	3,000	Stanley Rak	1673 Oaktree Rd., Edison, NJ 08820 (201) 494-8403	84
78.	Dick Cepek, Inc.	9	0	22,000	Thomas Cepek	17000 Kingsview Ave., Carson, CA 90746 (213) 217-1805	**
79.	Parkway Auto Parts	9	0	10,000	Sonny Williams	1174 Forest Pkwy., Lake City, GA 30260 (404) 363-1096	88
80.	Indy Auto Stores, Inc.	9	0	6,000	Dennis Fitzgerald	8458 Sunland Blvd., Sun Valley, CA 91352 (818) 768-9018	89
81.	Hires Auto Parts	8	42	13,500	Richard Hire	7111 S. Anthony Blvd., Ft. Wayne, IN 46816 (219) 447-2582	93
82.	Rieth Auto Stores	8	0	6,000	Irv Phillips	36212 Euclid, Willoughby, OH 44094 (216) 941-7694	**
83.	Guy Henshall Supply Co., Inc.	8	0	4,500	Brian K. Franklin	901 S. Memorial, Tulsa, OK 74112 (918) 836-0057	79
84.	PV Performance Centers	8	2	3,000	Brian Peavey	124 Eastern Ave., Malden, MA 02148 (617) 321-7414	91
85.	Seventh Avenue Auto Parts	8	0	2,642	Robin Conant	112 N. 7th Ave., Phoenix, AZ 85001 (602) 257-8436	92
86.	Basolo Discount Auto Parts	8	1	2,500	John Basolo	801 59th St., Tulsa, OK 74120 (918) 592-1503	**
87.	Lappen's Discount Auto Parts	7	0	6,000	Joseph A. Lappen	94 Liberty St., Quincy, MA 02169 (617) 471-6000	**
88.	Rons Auto Parts/Performance	7	0	6,000	Ronald T. Uemura	2760 Kilihau St., Honolulu, HI 96819 (808) 836-2651	**
89.	ABC Discount Auto Parts	7	0	5,000	Louis Fishman	230 S. White Horse Pike Magnolia, NJ 080499 (609) 435-4862	**
90.	Inter-City Auto Stores, Inc.	7	50	1,600	Stanley Ginsberg	5975 NW 82nd Ave., Miami, FL 33166 (305) 592-9211	95
91.	Cal Auto	7	0	1,000	Bruce Levitan	780 Montegue Expressway, Suite 603, San Jose, CA (312) 227-5051	**
92.	Academy Auto Parts	7	0	1,000	Terry Levine	380 N. Sawmill Rd., Elmsford, NY 10523 (914) 592-8501	**
93.	Monument Car Parts	6	0	9,000	Jim S. Munroe	5166 Pacheco Blvd., Pacheco, CA 94553 (415) 798-6330	**
94.	B&B Auto Parts	6	0	8,500	Tim Phillips	401 Ranier Ave. N., Renton, WA 98055 (206) 772-0904	98
95.	Eastside Auto Parts	6	0	8,000	Harry Bradt	8011 Truman Rd., Kansas City, MO 64126 (816) 231-8188	94
96.	Butler Auto Supply	6	0	7,000	Milton Butler	3243 Whitfield St., Macon, GA 31297 (912) 745-9295	56
97.	Jack's Auto Supply	6	0	6,000	Jack Mathews	1346 Chemical St., Dallas, TX 75207 (214) 630-6363	**
98.	Wingate Automotive	6	0	3,000	I. Fred Anderson	900 NE 3rd Ave., Ft. Lauderdale, FL 33304 (305) 522-6211	96
99.	Holt Auto Parts	6	9	1,800	James Holt	252 Northside Dr., Atlanta, GA 30310 (404) 524-0617	**
100.	Osborne Distributing Co.	5	5	10,000	Lloyd O. Osborne	PO Box 2100, Vernon, TX 76384 (817) 552-7711	100
Total		6.135	6.264	6,545,806*			

* Reported or estimated for 1988.
** Not on last year's chart
*** Privately held, declined to release information
[1] Including Checker/Schuck's/Kragen, Auto Works, U-Save, and Crown Auto
[2] Includes company-owned stores only; with associate stores total is 1,850
[3] Includes Whitelock, Rose Auto, R&S/Strauss, Giant Auto, Motormart, National Auto, and Strum Auto
[4] Includes National Automotive Superstores, Save Auto Stores
[5] Includes Al's Auto Supply and Grand Auto
[6] Includes Fischer's Auto Parts
[7] Includes company-owned stores only; with franchises total is 71

AM's STATISTICAL SUPPLEMENT

How's the aftermarket doing? Some real answers from some real numbers.

by **P. Royall Kalcher**
Research Editor

Overall figures show continued, steady growth in the aftermarket. Sales of tires, parts, and accessories reached a high of $30,631,000,000 in 1988, up from $28,204,000,000 in the year before, according to the U.S. Department of Commerce's Bureau of Economic Analysis. In 1968, sales of these products were only $3,944,000,000. Even counting inflation gains, the aftermarket continues to grow at a healthy, if undramatic, rate.

However, sales of individual product lines vary, with both losses and gains being recorded over the past three years.

Sales of batteries, brake cleaners, carburetor cleaners, engine degreasers, lubricants and silicones, refrigerants, and tire inflators and sealants were up in 1988 compared to 1985. In some cases, the increases have been dramatic.

There were, for example, 8.5 million more cans of tire inflators and sealants sold in 1988 than there were in 1985—a product category that has been developed through consumer advertising and education. Increased use of car air conditioning led to a 12.8 million refrigerant can sales jump from 1985 to 1988.

There were some downsides, too. Battery unit sales dropped 5.2 million between 1985 and 1988. Sales of antifreeze/coolant, motor oil, exterior cleaning products, and windshield and lock de-icers took a dip from 1985.

Take, for example, antifreeze/coolant. Sales in 1985 were some 143.9 million separate gallons (i.e., individually packaged gallons of antifreeze/coolant rather than sold in bulk sizes). This took a tremendous drop in 1986 to 121.9 million separate gallons, but climbed back to 140.9 million separate gallons in 1988. In other words, sales of antifreeze/coolant in 1988 almost reached the 1985 levels—despite product shortages in some areas of the country. De-icer sales drops can be attributed directly to last Winter's warmer-than-usual weather.

The Nation's Fleet

The country's motor vehicle population continued to grow in 1988, with 171,609,549 vehicles on the road. California continued to lead the nation in registered motor vehicles with some 19.2 million cars and light trucks on its roads. California has registered 11.9% of all vehicles on U.S. roads. Texas was second,

PRIME DIYERS' CARS

DIYers do the most work on cars that are around seven years old instead of newer or older. Stocking, therefore, to meet their demands requires knowing what sort of cars sold best seven years ago. Below, we list the 1983 car models and the numbers of each specific model sold that year. The scrappage rate of these cars between 1981 and 1985 was 5.8%.

Cars	Number sold
Alfa Romeo	3,002
AMC	
Spirit (Gremlin/AMX)	4,441
Concord (Hornet)	11,513
Eagle	31,207
Renault Alliance	126,008
BMW	**59,243**
Chrysler	
Turismo (TC3)	36,497
Horizon 4-door	56,763
Reliant	157,247
Gran Fury	15,101
LeBaron	80,309
Cordoba	10,291
Fifth Ave (Chrysler)	73,729
E-Class	35,283
Imperial	1,237
Laser	11,097
New Yorker (E)	50,091
Charger (O24)	45,975
Omni 4-door	50,451
Aires	119,400
Daytona	8,761
Dodge 600/400	28,488
Diplomat	22,603
Miranda (Magnum)	4,417
Dodge 600 4-door	33,882
DeLorean	**1,009**
Fiat	**7,349**
Ferrari	549
Fiat	6,180
Lancia	620
Ford	
Ford	119,905
Thunderbird	134,710
LTD	165,396
Granada	3,751
Fairmont	37,521
Tempo	136,148
Escort	326,333
EXP	19,574
Mustang	116,976
Mercury	96,659
Cougar/XR7	87,933
Marquis	65,184
Zephyr (Comet)	11,583
Topaz	41,796
Lynx	78,876
LN7	4,694
Capri	22,708
Lincoln	59,626
Mark	28,257
Continental	13,691
Versailles	13,691
General Motors	
Chevrolet	
Chevrolet	238,930
Corvette	28,144
Monte Carlo	105,797
Celebrity (Malibu)	265,775
Camaro	178,266
Citation (Nova)	92,379
Cavalier (Monza)	259,397
Chevette	178,759
Pontiac	
Pontiac	26,929
Grand Prix	89,355
6000	176,635
Firebird	90,777
Phoenix	24,362
Fiero	22,591
Sunbird/2000	88,313
1000	34,173
Oldsmobile	
Oldsmobile	348,298
Toronado	41,791
Cutlass/Ciera	522,899
Omega	49,818
Forenza (Starfire)	44,753
Buick	
Buick	231,661
Riviera	53,346
Century/Regal	348,315
Skylark	102,763
Skyhawk	72,998
Cadillac	
Cadillac	176,003
Eldorado	71,624
Seville	33,522
Cimarron	19,188
Honda	**350,670**
Accord	171,735
Civic	137,747
Isuzu	**20,731**
Jaguar (BL)	**15,815**
Mazda	**173,388**
Mercedes-Benz	**73,692**
Mitsubishi	**32,755**
Nissan	**521,902**
Peugeot	**15,687**
Toyota	**555,766**
Volvo	**88,857**
Volkswagen	**220,171**
Audi	47,934
Porsche	21,831
Volkswagen	77,048
Golf (US-made)	73,911
Jetta (US-made)	230

Sources: Domestic car data, Motor Vehicle Manufacturers Association. Imported car data, copyright 1985, Ward's Communications, Inc. Reprinted with permission.

PERSONAL CONSUMPTION EXPENDITURES FOR TRANSPORTATION (in millions)

	1966	1968	1970	1972	1974	1976	1978	1980	1982	1984	1985	1986	1987	1988
Tires, Parts, Accessories	3,434	3,944	6,065	7,970	9,639	11,367	13,706	16,684	20,234	23,421	24,363	26,567	28,204	30,631
Repairs [1]	7,393	8,864	11,248	13,922	17,615	22,134	28,016	32,327	35,441	42,838	45,965	51,784	56,364	62,937
Gas, Oil	15,962	18,422	21,997	24,879	36,293	43,046	51,301	83,721	89,090	90,006	91,847	73,299	77,036	78,768

[1] Includes lubricating, washing, parking, storage, and rental

Source: Motor Vehicle Manufacturers Association; U.S. Department of Commerce, Bureau of Economic Analysis with 11.8 million registered vehicles, while that booming sunbelt state, Florida, finished third with 10.2 million vehicles.

At the other end of the list, the District of Columbia had only 336,081 vehicles registered. Vermont, which for years was inhabited by more cows than people, had only 427,292 cars and light trucks. The wide-open state of Wyoming had the third smallest fleet with 431,565 vehicles.

[illegible]

State	Passenger Cars 1975	Passenger Cars 1985	Passenger Cars 1987	Light Trucks 1987	Total Fleet 1987
Alabama	1,900,295	2,343,261	2,633,403	802,219	3,435,622
Alaska	142,717	219,590	225,141	113,812	338,953
Arizona	1,064,348	1,582,722	1,712,441	659,660	2,372,101
Arkansas	864,803	900,065	935,599	444,078	1,379,677
California	11,226,325	14,723,189	15,714,903	3,455,220	19,170,123
Colorado	1,439,779	2,016,522	2,220,941	698,397	2,919,338
Connecticut	1,793,158	2,306,432	2,448,501	120,439	2,568,940
Delaware	289,164	369,407	383,174	88,373	471,547
District of Columbia	236,010	308,343	328,000	8,081	336,081
Florida	4,449,154	7,849,144	8,521,630	1,685,627	10,207,257
Georgia	2,509,519	3,358,953	3,597,364	1,245,442	4,842,806
Hawaii	349,619	569,086	603,809	71,611	675,420
Idaho	406,593	531,854	579,462	308,331	887,793
Illinois	5,350,375	6,104,331	6,242,279	1,240,742	7,483,021
Indiana	2,565,270	2,988,820	2,748,356	733,924	3,482,280
Iowa	1,542,796	1,937,601	1,936,924	551,900	2,488,824
Kansas	1,241,497	1,474,205	1,501,752	546,674	2,048,426
Kentucky	1,675,990	1,773,567	1,811,098	772,059	2,583,157
Louisiana	1,661,389	2,067,013	1,953,327	848,215	2,801,542
Maine	499,474	620,473	694,596	192,511	887,107
Maryland	2,072,302	2,720,700	2,718,947	500,884	3,219,831
Massachusetts	2,775,670	3,268,503	3,392,975	403,058	3,796,003
Michigan	4,627,816	5,356,975	5,481,096	1,155,452	6,636,548
Minnesota	1,952,401	2,625,831	2,466,150	509,070	2,975,220
Mississippi	989,844	1,329,424	1,344,842	345,502	1,690,344
Missouri	2,177,361	2,622,141	2,667,130	906,300	3,573,430
Montana	370,000	394,510	415,728	187,950	603,678
Nebraska	824,285	835,785	866,933	329,795	1,196,728
Nevada	345,648	511,760	588,613	199,534	788,147
New Hampshire	404,574	813,600	687,873	154,493	842,366
New Jersey	3,735,985	4,413,999	4,957,598	398,987	5,356,585
New Mexico	554,578	746,068	802,823	431,451	1,234,274
New York	6,735,148	7,901,004	8,361,175	1,015,678	9,376,853
North Carolina	2,860,249	3,247,486	3,491,660	1,127,742	4,619,402
North Dakota	330,851	381,200	383,246	191,165	574,411
Ohio	6,206,000	6,288,050	7,001,690	1,251,780	8,253,470
Oklahoma	1,432,477	1,854,553	1,931,117	808,337	2,739,454
Oregon	1,331,000	1,320,294	1,657,107	466,203	2,123,310
Pennsylvania	6,589,466	5,889,416	6,180,970	1,102,379	7,283,349
Rhode Island	498,777	518,896	543,768	90,922	634,690
South Carolina	1,400,479	1,683,435	1,782,844	511,799	2,294,643
South Dakota	356,062	404,220	409,571	222,921	632,492
Tennessee	2,092,996	2,944,971	3,194,605	724,456	3,919,061
Texas	6,217,464	8,562,581	8,398,231	3,375,523	11,773,754
Utah	587,133	739,627	753,776	317,749	1,071,525
Vermont	233,390	301,435	329,946	97,346	427,292
Virginia	2,709,506	3,641,696	3,614,251	862,143	4,476,394
Washington	1,883,271	2,484,484	2,702,000	965,543	3,667,543
West Virginia	734,659	818,678	821,035	309,465	1,130,500
Wisconsin	2,126,273	2,457,806	2,378,474	585,346	2,963,820
Wyoming	202,267	286,118	281,936	149,629	431,565
Total	106,712,551	132,108,164	137,323,632	34,285,917	171,609,549

[illegible]

Last year was a year of delight for those involved in making and retailing light truck accessories. This is, however, a regional market. In Florida and New York, two examples in different areas of the country, one out of every nine vehicles on the road is a light truck. In Pennsylvania, it's one out of every seven vehicles. But in Texas one out of every four vehicles is a light truck. There's one light truck for every three vehicles in Missouri, too.

Looking At Drivetrain Parts

Finally, we're highlighting the potential growth of a specific product category. This year we're looking at drivetrain parts, as studied by the Automotive Market Research Council, Englewood Cliffs, NJ.

According to the study, the drivetrain segment of the aftermarket is forecast to grow at a healthy 4.5% per year through 1992, while the entire industry is seen as growing only 1.6% in real terms, not counting inflation. Broken down, cv-joints are seen as the fastest growing product line, with an annual 15.9% growth rate. ■

[illegible]

Item	1987	1992
Universal Joints	425	405
Clutches & Parts	1,633	1,933
CV Joints	525	1,096
All Drive Train Parts	4,426	5,518

Source: Allomatic Industries, Inc., Woodside, NY

[illegible]

Item	Unit	1988
Antifreeze/ Coolant	Gallons, Separate	140,890,169
Automotive Engine Oil	Thousand Gallons	1,105,750
Batteries, Replacement	Batteries	63,847,000
Cleaners, Brake	Tinplate Containers	27,873,209
Cleaners, Carb & Choke	Tinplate Containers	53,434,555
Cleaners, Exterior	Tinplate Containers	15,264,637
Degreacers, Engine	Tinplate Containers	25,247,930
De-Icers, Windshield, Lock	Tinplate Containers	5,354,029
Lubricants & Silicones	Tinplate Containers	87,055,076
Refrigerants	Tinplate Containers	84,967,712
Tire Inflators & Sealants	Tinplate Containers	32,219,659

[illegible]